

31 December 2022  
Consolidated  
Financial Statements  
TeamSystem Group



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## TEAMSYSTEM HOLDCO S.p.A. CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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**DIRECTORS'**  
**REPORT**

## **TeamSystem Holdco S.p.A.**

### **DIRECTORS' REPORT ON OPERATIONS FOR THE YEAR ENDED 31 DECEMBER 2022**

Presented below are the results for the year ended 31 December 2022 of TeamSystem Holdco S.p.A. and its subsidiaries (“**TeamSystem Group**” or “**Group**”) together with comments on the operations thereof. This Directors' Report accompanies the disclosures pertaining to TeamSystem Holdco S.p.A.'s consolidated financial statements and illustrates the main features of TeamSystem Group's financial position at 31 December 2022 and its results for the year then ended.

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

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<b>CORPORATE BODIES AND OTHER CORPORATE INFORMATION</b>
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<b>BOARD OF DIRECTORS</b> 31 Dec 2022
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VINCENZO MORELLI FEDERICO LEPROUX TOMMASO COHEN VINCENZO FERRARI LUCA VELUSSI BLAKE CHRISTOPHER KLEINMAN ALESSANDRA BRAMBILLA GUILLAUME CHARLES VANMOERBEKE LUCIO DI CIACCIO (*)	CHAIRMAN CHIEF EXECUTIVE OFFICER DIRECTOR DIRECTOR DIRECTOR DIRECTOR DIRECTOR DIRECTOR
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(\*) = The Director Jean Baptiste Brian left office on 24 February 2022 replaced by the Director Lucio di Ciaccio

<b>BOARD OF STATUTORY AUDITORS</b> 31 Dec 2022
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CLAUDIO SANCHIONI FABIO LANDUZZI NICOLE MAGNIFICO  IVANO ANTONIOLI (*) CRISTINA AMADORI	CHAIRMAN STATUTORY AUDITOR STATUTORY AUDITOR  ALTERNATIVE AUDITOR ALTERNATIVE AUDITOR
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(\*) = The alternative auditor Marco Ceciloni left office on 24 Febbraio 2022 replaced by Ivano Antonioli

<b>REGISTERED OFFICE and OTHER INFORMATION</b>
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TEAMSYSTEM HOLDCO S.P.A.  REGISTERED OFFICE  SHARE CAPITAL TAX CODE REA - PESARO  INDEPENDENT AUDITORS	PESARO - Via Sandro Pertini, 88  Euro      14,596,648 11360450966 271034  DELOITTE & TOUCHE S.p.A.
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## GROUP OPERATIONS AND RESULTS FOR THE YEAR

### ► **MACROECONOMIC, SECTOR AND LEGISLATIVE CONTEXT**

#### **Italian macroeconomic context**

According to data provided by ISTAT (the Italian National Institute of Statistics), in 2022 the calendar-adjusted and seasonally adjusted gross domestic product (GDP) increased by 3.9% relative to 2021.

However, in the fourth quarter of 2022, the calendar-adjusted and seasonally adjusted GDP decreased by 0.1% with respect to the previous quarter and increased by 1.7% year-on-year. This is a reversal in the trend compared to the 0.5% growth recorded in the third quarter and the seven consecutive quarters of growth. This quarterly change, according to ISTAT, results from a decrease in added value in the agriculture, forestry and fishing sector, and the industrial sector, while the services recorded an increase. In terms of demand, domestic demand (gross of inventories) contributed negatively, while net foreign demand made a positive contribution.

Always according to ISTAT, Italian GDP is expected to grow by 0.4% in 2023. This growth would be supported by domestic demand net of inventories (+0.5%) while net foreign demand would contribute negatively (-0.1%). The change in inventories, on the other hand, is expected to provide zero contribution in 2023. Consumption by resident households will grow in line with economic activity, increasing by 0.4% in 2023. Investment is expected to grow by +2.00% in 2023.

Employment, measured in AWU (annual work unit, which is full-time equivalent employment), grew more than GDP in 2022, increasing by 4.3%, and is expected to grow by 0.5% in 2023. The improvement in employment was paralleled by that of the unemployment rate, which fell sharply in 2022 (8.1%) and is expected to rise slightly in 2023 (8.2%).

The prolonged rise in prices, driven by the dramatic increase in the price of energy products, was reflected in the trend in the household expenditure deflator for 2022 (+8.2%), while it is expected to rise, to a lesser extent, in 2023 (+5.4%).

The projected outlook includes particularly favourable assumptions on the downward path of prices in the coming months and on the full implementation of the public investment plan planned for next year.

#### **ICT segment context**

According to studies carried out by Assintel (National Association of ICT and Digital Enterprises) in cooperation with IDC Italy, the Italian ICT market grew by 5.4% in 2022, (reaching € 36.6 billion), despite inflationary pressures, the energy crisis and the consequences of the war in Ukraine.

Italian companies continue to invest in digital products and services, as these investments are essential for ensuring productivity, agility and competitiveness.

Estimates for 2023 also see the ICT market growing to more than € 38 billion in the new year.

IT expenditure is the largest contributor to this trend (the projected CAGR for the period 2021-2023 is +6.8%), whereas, over the same period, the value of the business telecommunications services market, which is still suffering from the drop in prices driven by the competition between operators, will continue to decrease (CAGR - 3.5%).

The detailed information on IT reveals a market that invests in structured and large-scale projects, considering that 48% are large companies, which have the capabilities and organisation to do so. In particular, IT Services, dedicated to the development, integration and management of systems and applications, are growing because they are geared towards improving the resiliency of the digital infrastructure: 2022 ended at € 12.1 billion, +6.2% compared to last year. Software expenditure grew the most (+10%, or € 9.6 billion), followed by hardware (+6.4%, or € 9 billion): both continue to support the shift towards remote working, moving to the cloud and the transformation of data centres, which again is driven by large digital transformation projects.

The three priorities for innovation over the next twelve months will be the modernisation of infrastructures and business applications moving to cloud platforms, improvements in the digital resilience of infrastructures and security and regulatory compliance.



These growth estimates may, however, be revised downwards if the COVID-19 pandemic and/or the ongoing conflict between Russia and Ukraine (and the consequent rise in the cost of energy raw materials), were to escalate to the point of adversely affecting global (and Italian, in particular) economic growth. The situation described above, which is still extraordinary in both its nature and scale, could consequently continue to fuel a general climate of uncertainty, whose developments and relative effects are being closely monitored by the Directors.

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## **► SIGNIFICANT EVENTS THAT OCCURRED DURING THE YEAR**

### **■ COVID-19**

TeamSystem Group constantly monitors developments of the COVID-19 pandemic, promptly adopting all measures to prevent, control and contain the virus to protect the health of its employees and collaborators, including through smart working, sanitising workplaces, personal protective equipment, rules on hygiene and social distancing.

It should be noted that all Group locations carried out normal operations in 2022.

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

Management continues to actively monitor the situation and the effects on its business, earnings and financial position.

### **CONFLICT BETWEEN RUSSIA AND UKRAINE**

The conflict between Russia and Ukraine and the ensuing international tensions dominated 2022.

The sanctions imposed by the international community on Russia, as well as the countermeasures taken by this country, caused prices to rise sharply, primarily of raw materials (and energy in particular), and also led to disruptions and instability in international trade chains.

While uncertainty remains very high as to how the situation will unfold and what effects this may have at a global macroeconomic level, for the moment, there have been no significant adverse effects on the Group's business, earnings and financial position in 2022.

The diversified range of operating sectors in which the Group's customers operate, as well as the Group's ability to adapt, and the availability of adequate levels of financial resources (including through undrawn credit lines), proved to be mitigating factors against the liquidity and financial risks caused, in general, by the armed conflict between Russia and Ukraine. It should be noted, however, that the Group mainly operates in Italy, with no significant presence abroad, and in any case, with no ties to the Russian market, the Ukrainian market, or the markets in the relative area.

Management will continue monitoring this situation and the possible effects of this conflict on the Group's results of operations and financial position, and will continue to make adjustments to its estimates.

### **■ ISSUE OF AN ADDITIONAL € 185 MILLION IN FLOATING RATE NOTES ("2028 PRIVATE NOTES")**

On 06 October 2022, TeamSystem S.p.A. issued senior secured floating rate notes (ISIN XS2533816042 - XS2533896721) with a total nominal value of € 185 million maturing on 15 February 2028 ("2028 Private Notes"). The 2028 Private Notes bear interest at a rate equal to the 3-month Euribor rate - with a floor of 0.00% - plus a spread of 6.25%, payable quarterly in arrears on 15 January, 15 April, 15 July, 15 October of each year starting on 15 July 2023.

### **■ MERGERS BY ABSORPTION - SIMPLIFICATION OF GROUP STRUCTURE**

Continuing its efforts towards simplifying and rationalising its organisational and corporate structure, TeamSystem Group completed a series of corporate mergers in 2022, as set out below:

- a) in March 2022, TeamSystem Capital at Work SGR merged by absorption Factor@Work, with the effective date for accounting and tax purposes backdated to 1 January 2022;
- b) in April 2022, Software del Sol merged by absorption the subsidiary Reviso Soluciones Cloud S.L.
- c) in June 2022, the following subsidiaries were merged by absorption into TeamSystem S.p.A: TeamSystem 6, TeamSystem 7 and AF Soluzioni. The effective date for accounting and tax purposes was backdated to 1 January 2022.
- d) in December 2022, the following companies were merged by absorption into TeamSystem S.p.A: Alia slab, Skylab, Itacme, SGS and TeamSystem 9. The effective date for accounting and tax purposes of these mergers was backdated to 1 January 2022;
- e) in December 2022, TeamSystem BK was merged by absorption into TeamSystem Service, with the effective date for accounting and tax purposes backdated to 1 January 2022;

## **■ACQUISITIONS/ INCORPORATION OF NEW SUBSIDIARIES**

In 2022, TeamSystem Group acquired the following companies or acquired additional equity interests in companies in which it already held an equity stake:

### **TeamSystem 10**

In February 2022, TeamSystem S.p.A. acquired a 100% interest in TeamSystem 10 S.r.l., a reseller of TeamSystem software for businesses, accountants and consultants.

### **Storeden S.r.l.**

In January 2022, TeamSystem S.p.A. acquired a 100% controlling interest in Storeden S.r.l., a company that develops and sells e-commerce software.

### **IT Review S.r.l.**

In April 2022, TeamSystem S.p.A. acquired a controlling interest (100%) in IT Review S.r.l., a company that develops business intelligence solutions.

### **Ciaomanager S.r.l.**

In June 2022, TeamSystem S.p.A. acquired an additional 36% interest in the share capital of Ciaomanager S.r.l. (it previously held a 15% interest). Therefore, on 31 December 2022 TeamSystem S.p.A. held a controlling interest of 51% of the share capital of Ciaomanager. Ciaomanager develops SaaS cloud software solutions for hotels, in addition to developing other innovative software solutions based on artificial intelligence. A put and call option agreement was entered into with respect to the remaining 49% interest in the company.

### **Teamsyver S.r.l.**

In October 2022, TeamSystem S.p.A. acquired 100% of the share capital of Teamsyver S.r.l., a newco to which Biemme Computer and Studio C contributed their respective business units. Teamsyver is a reseller of TeamSystem software.

### **Progetto Software S.r.l. (and subsidiary companies)**

In December 2022, TeamSystem S.p.A. acquired a 100% interest in Progetto Studio S.r.l., which in turn holds: 100% of the share capital of Sogei S.p.A. Both companies are resellers of TeamSystem software.

### **CZ Informatica S.r.l.**

In December 2022, TeamSystem S.p.A. acquired 100% interest in CZ Informatica S.r.l., a reseller of TeamSystem software.

### **SIA S.r.l.**

In December 2022, TeamSystem S.p.A. acquired 100% interest in SIA S.r.l., a reseller of TeamSystem software.

### **Algoritmi S.r.l.**

In December 2022, TeamSystem S.p.A. acquired 100% interest in Algoritmi S.r.l. S.r.l., a reseller of TeamSystem software.

### **Sistemi Gestionali, Sedas, S.I. Global, Team Ufficio (contribution of business units to TeamSystem 8)**

In January 2022, the businesses of the following resellers of TeamSystem products were acquired by way of contribution of their respective business units into TeamSystem 8 and subsequent acquisition of this company's share capital:

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

### **FIN-MD-TECH**

In June 2022, TeamSystem Financial Value Chain set up a company called FIN-MD-TECH, in which it holds a 100% stake. FIN-MD-TECH provides credit brokerage services.

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**► SUMMARY OF TEAMSYSYSTEM GROUP'S RESULTS FOR THE YEAR ENDED 31 DECEMBER 2022**

The financial results of the TeamSystem Group for 2022 and 2021 are provided below. As previously mentioned, TeamSystem Group underwent a change of control in 2021. For this reason, as permitted by International Financial Reporting Standards (IFRS) as adopted by the Group for its consolidated financial statements, the 2021 statement of profit or loss only includes the operating results from the acquisition date, February 2021, up to 31 December 2021. Therefore, to provide a clearer presentation of the annual results in this section of the Directors' Report, a 2021 pro-forma statement of profit or loss has been prepared, which includes the Group's operating results for the entire 2021 financial year, as though the Acquisition had occurred on 01 January 2021.

Euro thousands								
RECLASSIFIED CONSOLIDATED STATEMENT OF PROFIT AND LOSS ACCOUNT	A		B		C		D = A - C	E = D / C
	31 Dec 2022	%	STATUTORY 31 Dec 2021	PRO-FORMA 31 Dec 2021	%	Change	% Change	
<b>TOTAL REVENUE</b>	<b>568,178</b>	<b>100.0%</b>	<b>410,882</b>	<b>489,068</b>	<b>100.0%</b>	<b>79,110</b>	<b>16.2%</b>	
COGS	(110,994)	-19.5%	(78,479)	(91,230)	-18.7%	(19,764)	21.7%	
Personnel	(170,310)	-30.0%	(124,568)	(152,447)	-31.2%	(17,863)	11.7%	
Personnel like	(20,316)	-3.6%	(14,463)	(17,436)	-3.6%	(2,880)	16.5%	
Non Personnel	(56,439)	-9.9%	(36,380)	(44,275)	-9.1%	(12,164)	27.5%	
Capitalized development costs	17,163	3.0%	13,100	16,017	3.3%	1,146	7.2%	
<b>ADJUSTED EBITDA</b>	<b>227,282</b>	<b>40.0%</b>	<b>170,093</b>	<b>199,697</b>	<b>40.8%</b>	<b>27,585</b>	<b>13.8%</b>	
Allowance for bad debts	(5,489)	-1.0%	(3,765)	(5,045)	-1.0%	(444)	8.8%	
Depreciation and amortization of non current assets	(208,358)	-36.7%	(170,478)	(202,645)	-41.4%	(5,712)	2.8%	
Other provisions for risks and charges	(2,413)	-0.4%	(79)	(233)	0.0%	(2,180)	937.0%	
Impairment of non current assets	(78,109)	-13.7%	0	0	0.0%	(78,109)	#DIV/0!	
Non core items	(14,087)	-2.5%	(20,581)	(13,208)	-2.7%	(878)	6.6%	
<b>OPERATING RESULT</b>	<b>(81,173)</b>	<b>-14.3%</b>	<b>(24,810)</b>	<b>(21,434)</b>	<b>-4.4%</b>	<b>(59,739)</b>	<b>278.7%</b>	
Net Finance Income (Cost)	(80,320)	-14.1%	(104,446)	(88,362)	-18.1%	8,042	-9.1%	
<b>PROFIT (LOSS) BEFORE INCOME TAXES</b>	<b>(161,493)</b>	<b>-28.4%</b>	<b>(129,256)</b>	<b>(109,796)</b>	<b>-22.5%</b>	<b>(51,697)</b>	<b>47.1%</b>	
Current income tax	(23,600)	-4.2%	(18,677)	(17,033)	-3.5%	(6,567)	38.6%	
Deferred income tax	38,555	6.8%	83,927	35,298	7.2%	3,257	9.2%	
<b>PROFIT (LOSS) FOR THE YEAR</b>	<b>(146,538)</b>	<b>-25.8%</b>	<b>(64,006)</b>	<b>(91,530)</b>	<b>-18.7%</b>	<b>(55,007)</b>	<b>60.1%</b>	
(Profit) Loss for the year - Non controlling interests	(3)	0.0%	(170)	(185)	0.0%	182	-98.3%	
<b>PROFIT (LOSS) FOR THE YEAR - OWNERS OF THE CC</b>	<b>(146,541)</b>	<b>-25.8%</b>	<b>(64,176)</b>	<b>(91,716)</b>	<b>-18.8%</b>	<b>(54,825)</b>	<b>59.8%</b>	

As indicated the above table, TeamSystem Group closed 2022 with Total Revenue of € 568,178 thousand (pro-forma € 489,068 thousand in 2021), Adjusted EBITDA of € 227,282 thousand (pro-forma € 199,697 thousand in 2021) and a loss for the year of € 146,541 thousand (pro-forma € 91,716 thousand in 2021).

The loss for 2022 shown in the table above was mainly attributable to:

- the impairment of Goodwill (for the amount of € 78 million) pertaining the CGU Digital Finance (refer to paragraph 14 Goodwill of the Notes to Consolidated Financial Statements)
- the amortisation of intangible assets arising from the amounts allocated as a result of the purchase price allocation of the acquisition price paid for TeamSystem Group;
- finance costs payable on the debt.
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Nevertheless, the loss for the year does not reflect the Group's normalised operating results, which, as will be described in more detail in the forthcoming paragraphs, has again improved on the prior year's result.

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

**Adjusted EBITDA** =

This is calculated as follows:

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

- Advisory costs related to reorganisation and cost saving projects;

- Personnel restructuring costs;
- Acquisition and merger costs;
- Settlements with customers and agents;
- Other costs – (income).

Set out below is a 2022 and 2021 **Adjusted EBITDA** reconciliation:

Euro Thousand			
	31 Dec 2022	STATUTORY 31 Dec 2021	PRO-FORMA 31 Dec 2022
<b>PROFIT (LOSS) FOR THE YEAR</b>	(146,538)	(64,006)	(91,530)
Income tax	(14,955)	(65,250)	(18,265)
Financial income and expenses	80,320	104,446	88,362
Other provisions for risks and charges	2,413	79	233
Depreciation and amortization of non current assets	208,358	170,478	202,645
Impairment of non current assets	78,109		
Allowance for bad debts	5,489	3,765	5,045
Advisory expenses related to reorganization and cost saving projects	3,075	7,083	7,909
Personnel redundancy	1,588	1,386	1,438
Acquisitions and mergers costs	5,578	9,993	1,483
Settlements with clients and agents	3,527	2,152	2,295
Other cost - (income)	320	(33)	84
<b>ADJUSTED EBITDA</b>	<b>227,282</b>	<b>170,093</b>	<b>199,697</b>

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 to those adopted by other companies or groups.

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As regards the growth in Total Revenue for 2022 (which has increased by € 79.1 million compared to the pro-forma figure for the year ended 31 December 2021), this change is due to both the Group's organic growth in 2022 and the expansion of the scope of consolidation following the acquisitions made in 2022. Details of Revenue are set out below:

Euro Millions					
	(A) 31 Dec 2022	STATUTORY 31 Dec 2021	(B) PRO-FORMA 31 Dec 2021	(A) -(B) = (C) Change	(C) / (B) % Change
<b>Enterprise</b>	<b>131.3</b>	<b>94.7</b>	<b>113.3</b>	<b>18.0</b>	<b>15.9%</b>
Recurring	98.9	68.2	82.8	16.1	19.4%
Other Revenues	32.4	26.5	30.5	1.9	6.3%
<b>Professional</b>	<b>165.1</b>	<b>120.3</b>	<b>143.1</b>	<b>22.1</b>	<b>15.4%</b>
Recurring	151.55	113.1	134.4	17.1	12.7%
Other Revenues	13.6	7.2	8.6	4.9	57.0%
<b>Micro</b>	<b>119.0</b>	<b>85.4</b>	<b>100.8</b>	<b>18.3</b>	<b>18.1%</b>
Recurring	114.1	81.1	95.6	18.5	19.3%
Other Revenues	4.9	4.3	5.1	(0.2)	-4.6%
<b>Digital Finance</b>	<b>18.0</b>	<b>11.8</b>	<b>13.3</b>	<b>4.7</b>	<b>35.7%</b>
Recurring	16.3	10.3	11.7	4.6	39.2%
Other Revenues	1.7	1.5	1.5	0.1	8.5%
<b>Market Specific Solution</b>	<b>111.5</b>	<b>83.7</b>	<b>101.5</b>	<b>10.1</b>	<b>9.9%</b>
Recurring	66.0	50.1	62.5	3.5	5.6%
Other Revenues	45.5	33.6	39.0	6.6	16.9%
<b>HR</b>	<b>23.3</b>	<b>14.9</b>	<b>17.3</b>	<b>6.0</b>	<b>34.7%</b>
Recurring	19.2	12.5	14.5	4.8	33.1%
Other Revenues	4.0	2.4	2.8	1.2	42.6%
<b>TOTAL REVENUE</b>	<b>568.2</b>	<b>410.9</b>	<b>489.1</b>	<b>79.1</b>	<b>16.2%</b>
<b>Total Recurring Revenues</b>	<b>466.1</b>	<b>335.3</b>	<b>401.5</b>	<b>64.6</b>	<b>16.1%</b>
<b>Total Other Revenues</b>	<b>102.1</b>	<b>75.5</b>	<b>87.6</b>	<b>14.5</b>	<b>16.6%</b>

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

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

Recurring revenue for 2022 increased compared to the previous year at all aggregated levels of revenue by channel/product.

In absolute terms, the growth in Recurring revenue was mainly driven by sales relating to the Micro Business Unit (which recorded an increase in Recurring revenue of € 18.5 million compared to the 2021 pro-forma, representing an increase of around 19.3%), and the Professional Business Unit, with an increase in Recurring revenue of € 17.1 million (or around 12.7% more than in the pro-forma 2021).

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

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

In 2021, the TeamSystem Group started and completed a review of its organisational structure, which resulted in the following operating sectors being identified within the Group:

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

Segment information is reported below, with reference to the figures reported in the 2022 and 2021 Pro-Forma Financial Statements:

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

Euro Millions								
31 Dec 2022								
OPERATING SEGMENTS	DIF	ENT	PROF	HR	MSS	MICRO	TOTAL	
TOTAL REVENUE	18.0	131.3	165.1	23.3	111.5	119.0	568.2	
FIRST MARGIN	6.8	63.7	88.3	5.4	31.4	72.2	267.7	
							1	
INDIRECT COSTS							(57.6)	2
CAPITALISED DEVELOPMENT COSTS - PERSONNEL AND SERVICES							17.2	3
ADJUSTED EBITDA							227.3	= 1 + 2 + 3

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

- 1) direct personnel costs (mainly sales, delivery, customer value);

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

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### **► TEAMSYSYSTEM GROUP'S FINANCIAL POSITION**

The tables which follow present the Group's financial position at 31 December 2022 and 31 December 2021 and highlight, among other aspects, the Group's net invested capital, working capital and IFRS assets, being measures that are used by the Group as non-GAAP indicators (and, given that they are not governed by IFRS, the preparation criteria adopted by TeamSystem Group may not be comparable with those adopted by other companies or groups).

The balances at 31 December 2021 have been restated after completing the purchase price allocation process for the acquisitions (made during the 2021 financial year) of the following companies: Logical Soft, Progetto Studio, and Data Consult.

Euro thousands				
CONSOLIDATED NET INVESTED CAPITAL	31 Dec 2022	Restated 31 Dec 2021	Change	% Change
Trade receivables	148,294	124,840	23,455	18.8%
Inventories	1,111	879	232	26.3%
Other receivables	37,385	36,747	638	1.7%
Trade payables	(67,646)	(62,693)	(4,954)	7.9%
Other liabilities	(150,466)	(130,076)	(20,391)	15.7%
<b>Working Capital</b>	<b>(31,322)</b>	<b>(30,302)</b>	<b>(1,020)</b>	<b>3.4%</b>
<b>Tax assets net of Tax liabilities</b>	<b>(7,968)</b>	<b>(6,151)</b>	<b>(1,816)</b>	<b>29.5%</b>
Tangible assets	16,203	15,779	424	2.7%
Intangible assets	54,371	45,380	8,991	19.8%
Right of use	23,154	23,158	(4)	n.s.
Asset IFRS	1,260,673	1,432,196	(171,523)	-12.0%
Goodwill	1,805,191	1,813,914	(8,723)	-0.5%
Investments	474	1,201	(727)	-60.5%
<b>Non Current Assets</b>	<b>3,160,065</b>	<b>3,331,627</b>	<b>(171,562)</b>	<b>-5.1%</b>
<b>Invested Capital</b>	<b>3,120,776</b>	<b>3,295,174</b>	<b>(174,398)</b>	<b>-5.3%</b>
Staff leaving indemnity	(24,724)	(25,974)	1,250	-4.8%
Provisions for risks and charges	(12,701)	(13,250)	550	-4.1%
Other liabilities - non current	(389)	(432)	44	-10.1%
Deferred tax assets (liabilities) - net	(295,300)	(332,371)	37,071	-11.2%
<b>Provision and other liabilities</b>	<b>(333,114)</b>	<b>(372,029)</b>	<b>38,915</b>	<b>-10.5%</b>
<b>NET INVESTED CAPITAL</b>	<b>2,787,662</b>	<b>2,923,145</b>	<b>(135,483)</b>	<b>-4.6%</b>
Euro thousands				
CONSOLIDATED FINANCIAL SOURCES	31 Dec 2022	Restated 31 Dec 2021	Change	% Change
Financial liabilities with banks and other institutions	1,725,331	1,600,198	125,133	7.8%
Other financial assets	(39,534)	(8,478)	(31,055)	366.3%
Cash and bank balances	(145,523)	(59,090)	(86,433)	146.3%
<b>Net Financial Indebtedness</b>	<b>1,540,274</b>	<b>1,532,630</b>	<b>7,645</b>	<b>0.5%</b>
Share capital and reserves	1,393,126	1,453,800	(60,674)	-4.2%
Profit (Loss) attributable to Owners of the Company	(146,541)	(64,176)	(82,365)	128.3%
<b>TOTAL EQUITY attributable to OWNERS OF THE COMPANY</b>	<b>1,246,585</b>	<b>1,389,624</b>	<b>(143,039)</b>	<b>-10.3%</b>
Non controlling interests - Capital and reserves	800	721	79	10.9%
Non controlling interests - Profit (Loss)	3	170	(167)	-98.2%
<b>TOTAL NON CONTROLLING INTERESTS</b>	<b>803</b>	<b>892</b>	<b>(88)</b>	<b>-9.9%</b>
<b>FINANCIAL SOURCES</b>	<b>2,787,662</b>	<b>2,923,145</b>	<b>(135,483)</b>	<b>-4.6%</b>

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

#### **Working Capital**

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

#### **Intangible assets**

as presented in the consolidated financial statements have been subdivided into:

**IFRS assets**

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

**Other intangible assets**

consisting mainly of capitalised development costs;

The Group's net financial indebtedness at 31 December 2022 amounts to around € 1,540,274 thousand, representing an increase of € 7,645 thousand compared to € 1,532,630 thousand at 31 December 2021; this increase is mainly due to the issue (in October 2022 by TeamSystem S.p.A.) of an additional € 185 million of **2028 Private Notes**.

The Group's consolidated equity at 31 December 2022 amounts to € 1,246,585 thousand, representing a decrease compared to the balance at 31 December 2021 (€ 1,389,624 thousand) of € 143,039 thousand mainly due to the consolidated financial results for 2022.

The leverage ratio (net financial indebtedness/equity for the Group) was thus 1.2 at 31 December 2022 (1.1 at 31 December 2021).

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**► WORKING CAPITAL**

The following table shows the components of working capital at 31 December 2022 and 31 December 2021: The balances at 31 December 2021 have been restated after completing the purchase price allocation process for the acquisitions (made during the 2021 financial year) of the following companies: Logical Soft, Progetto Studio, and Data Consult.

Euro thousands				
WORKING CAPITAL	31 Dec 2022	Restated 31 Dec 2021	Change	% Change
Trade receivables	148,294	124,840	23,455	18.8%
Inventories	1,111	879	232	26.3%
Other receivables	37,385	36,747	638	1.7%
Trade payables	(67,646)	(62,693)	(4,954)	7.9%
Other liabilities	(150,466)	(130,076)	(20,391)	15.7%
<b>WORKING CAPITAL - TOTAL</b>	<b>(31,322)</b>	<b>(30,302)</b>	<b>(1,020)</b>	<b>3.4%</b>

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

At 31 December 2022, working capital changed by about € 1,020 thousand, from a negative € 30,302 thousand at 31 December 2021 to a negative € 31,322 thousand at 31 December 2022. This decrease was mainly due to the increase in Other liabilities (which rose from € 130,076 thousand at 31 December 2021 to € 150,466 thousand at 31 December 2022) which mainly consist of deferred revenue, and to the change in Trade receivables, which increased by € 23,455 thousand.

It should also be noted that 31 December 2022 was not a business day, and therefore, collection of about € 7.9 million in electronic bank receipts falling due on 31 December 2022 were postponed to 2023. Without this "weekend effect", working capital at 31 December 2022 would have amounted to € 39.3 million.

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### ► **CONSOLIDATED STATEMENT OF CASH FLOWS**

The cash flows of the TeamSystem Group for 2022 and 2021 are provided in the table below. As previously mentioned, TeamSystem Group underwent a change of control in 2021. For this reason, as permitted by International Financial Reporting Standards as adopted by the Group for its consolidated financial statements, the Consolidated Statement of Cash Flows only includes the operating results from the acquisition date, February 2021, up to 31 December 2021.

Euro thousands				
CONSOLIDATED STATEMENT OF CASH FLOWS	31 Dec 2022	Restated 31 Dec 2021	Change	% Change
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>178,844</b>	<b>176,630</b>	<b>2,215</b>	<b>1.3%</b>
Capital Expenditure	(36,350)	(29,687)	(6,663)	22.4%
Acquisition of investments	(37,045)	(1,917,854)	1,880,809	-98.1%
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>(73,395)</b>	<b>(1,947,541)</b>	<b>1,874,146</b>	<b>-96.2%</b>
Financial balance paid / cashed-in	33,187	659,639	(626,452)	-95.0%
Financing Fees paid	(6,420)	(56,146)	49,726	-88.6%
Liabilities to non controlling shareholders of subsidiaries	(45,759)	(132,421)	86,662	-65.4%
Other equity movements	(16)	1,358,303	(1,358,318)	n.s.
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>(19,007)</b>	<b>1,829,375</b>	<b>(1,848,382)</b>	<b>n.s.</b>
Change in Exchange rates	(10)	13	(23)	n.s.
<b>INCREASE (DECREASE) IN CASH AND BANK BALANCES</b>	<b>86,432</b>	<b>58,476</b>	<b>27,956</b>	<b>47.8%</b>

TeamSystem Group's Cash flows from operating activities for the year ended 31 December 2022 amount to € 178,844 thousand.

It should also be noted that 31 December 2022 was not a business day, and therefore, collection of about € 7.9 million in electronic bank receipts falling due on 31 December 2022 were postponed to 2023.

Without this “weekend effect”, operating cash flows for 2022 would have amounted to € 186.8 million.

Regarding Cash flows from investing activities, these amounted to € 73,395 thousand at 31 December 2022 and were mainly attributable to cash outflows paid during 2022 for the acquisition of the equity interests in Storden, IT Review, Ciomanager, Teamsyver, CZ Informatica, Progetto Software, Algoritmi, and SIA.

Cash flows from financing activities amount to € 19,007 thousand, mainly due to the following:

- the issue of the **2028 Private Notes**;
- the payment of the Financing Fees associated with the Notes issue described above;
- the payment of interest on the **2028 Fixed Rate Notes, 2028 Floating Rate Notes, 2028 Private Notes**, and **2029 PIYW PIK Toggle Notes**;
- the payment of liabilities to non-controlling shareholders of subsidiaries (the most significant being those relating to the Cassanova, TeamSystem Financial Value Chain, AF Soluzioni, MBM, Skylab, Software del Sol, Modefinance, Logical Soft, IT Review and Progetto Studio);
- debt repayment on the New RCF line of credit.

### ► **CAPITAL EXPENDITURE**

The following table shows the capital expenditure incurred by the Group in the year ended 31 December 2022:

Euro thousands				
CAPITAL EXPENDITURE	31 Dec 2022	Restated 31 Dec 2021	Change	% Change
Capex - Tangible Assets	(5,353)	(4,426)	(927)	21.0%
Capex - Intangible Assets	(13,834)	(12,161)	(1,674)	13.8%
Capitalized development costs - personnel costs	(11,946)	(9,940)	(2,006)	20.2%
Capitalized development costs - service costs	(5,217)	(3,161)	(2,056)	65.1%
<b>CAPITAL EXPENDITURE</b>	<b>(36,350)</b>	<b>(29,687)</b>	<b>(6,663)</b>	<b>22.4%</b>

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

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

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### **► RESEARCH AND DEVELOPMENT**

Again, during the course of 2022, as previously indicated, product research and development activity was particularly intense, having been concentrated on the introduction of new software products, new functionalities or new modules with respect to those already existing.

The total amount of development costs capitalised (at Group level) in 2022 amounts to € 17.1 million (compared to € 16 million in 2021). In addition to changes in the scope of consolidation, this growth is due to the Group's continuous commitment to develop new solutions and products (particularly those related to digitalisation) responding to market needs.

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### **► FINANCIAL RISK MANAGEMENT**

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

#### **Foreign exchange risks**

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

#### **Credit risk**

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

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

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

At 31 December 2022, the Group did not have any insurance cover for trade receivables.

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

The amount of the allowance for bad debts at 31 December 2022 was determined by adopting an expected credit loss approach (as required by the relevant IFRS 9), taking into account both past due receivables, the allowance for which was determined based on a specific analysis of doubtful accounts, and receivables that are not yet past due at the reporting date, therefore estimating a generic write-down based on historical data and the past credit loss experience of the Group, adjusted to take into account expected losses from specific debtors and the macroeconomic environment.

As a result of the economic and financial difficulties generated by the conflict between Russia and Ukraine, TeamSystem Group's customers may have temporary difficulties in paying for services/products rendered by the Group, with possible repercussions on the Group's liquidity.

Group Management is constantly monitoring the situation and the effects and, in accordance with IFRS 9, has adopted and is adopting an approach that takes into account both current and future uncertainties.

#### **Interest rate risk**

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

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

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

If interest rates payable on the Notes had been 0.5% higher during 2022 (with respect to the interest rate actually paid during the year), finance costs pertaining to the Notes would have been around € 6 million higher; if interest rates payable on the Notes had been 0.50% lower (with respect to the interest rate actually paid during 2022), the TeamSystem Group would have incurred around € 6 million less in finance costs pertaining to the Notes. Note that the interest rate derivative contracts negotiated by TeamSystem Group in 2022 are effective starting from 15 January 2023.

As regards the revolving credit facility, if interest rates payable on the RCF had been 0.5% higher during the course of 2022 (with respect to the interest rate actually paid during the course of 2022), finance costs would have been € 0.2 million higher; on the other hand, if interest rates payable on the RCF had been 0.50% lower (with respect to the interest rate actually paid during the course of 2022), the TeamSystem Group would have incurred around € 0.2 million less in finance costs.

### **Liquidity risk**

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

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

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

Despite the Group's high degree of leverage, the ongoing conflict between Russia and Ukraine and the commitments stemming from the various shareholdings acquired in 2022, liquidity is not an issue. The RCF line of credit itself, available up to € 180 million, has not been drawn down at 31 December 2022. The Group has always demonstrated its ability to generate cash and to successfully raise funds in the financial markets.

### **► HUMAN RESOURCES**

The number of TeamSystem Group employees in the year ended 31 December 2022 was 3,246 persons, broken down as follows:

	Average 2022	Average 2021	Change	31 Dec 2022	31 Dec 2021	Change
Managers	84	81	3	88	79	9
Middle managers / white collars	2,937	2,556	381	3,168	2,706	462
<b>Total</b>	<b>3,021</b>	<b>2,637</b>	<b>384</b>	<b>3,256</b>	<b>2,785</b>	<b>471</b>

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

The increase in the number of employees at 31 December 2022 relative to 31 December 2021 is also due to the addition of employees of the companies acquired in 2022.

### **► INFORMATION PERTAINING TO THE ENVIRONMENT**

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

**► SIGNIFICANT SUBSEQUENT EVENTS**

**■ Acquisition/ Contribution of business units**

**TeamSystem 10 S.r.l.**

The business unit (related to accounting firms) of reseller Alpha Team S.r.l. was contributed to TeamSystem 10 with an effective date of 1st January 2023.

In January 2023, the business units of the following companies were contributed to TeamSystem 10 S.r.l.:

- GNS System News S.p.A.
- Alfaconta S.r.l.

**Readytec S.p.A.**

In January 2023, TeamSystem S.p.A. acquired a controlling stake (100%) in Readytec S.p.A., a TeamSystem software reseller.

**Readytec Emilia S.r.l.**

In January 2023, TeamSystem S.p.A. acquired a controlling stake (100%) in Readytec Emilia S.r.l., a TeamSystem software reseller.

**Sistemi IT S.r.l.**

In January 2023, TeamSystem S.p.A. acquired a controlling stake (100%) in Sistemi IT S.r.l., a TeamSystem software reseller.

**Sigma Sistemi S.r.l.**

In January 2023, TeamSystem S.p.A. acquired a controlling stake (100%) in Sigma Sistemi S.r.l., a company that resells TeamSystem software and develops IaaS software solutions.

**Microntel S.p.A.**

In February 2023, TeamSystem S.p.A. acquired a controlling stake (57.17%) in Microntel S.p.A., a company that develops and markets HR software. Microntel holds a 100% equity interest in Euroges S.r.l.

**Multidata S.r.l.**

In March 2023, TeamSystem S.p.A. acquired a controlling stake (100%) in Multidata S.r.l., a company that develops and markets software for the textile industry.

**■ Energy crisis and rising inflation - Russia-Ukraine crisis**

The ongoing conflict between Russia and Ukraine and the ensuing international tensions dominated 2022.

The sanctions imposed by the international community on Russia, as well as the countermeasures taken by this country, caused prices to rise sharply, primarily of raw materials (and energy in particular), and also led to disruptions and instability in international trade chains.

Management will continue monitoring this situation and the possible effects of this conflict on the Group's results of operations and financial position, and will continue to make adjustments to its estimates.

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**► BUSINESS OUTLOOK**

The 2022 results have demonstrated the Group's ability to react and the resilience of the sector in which it operates; nevertheless, the escalation of the conflict between Russia and Ukraine (and its effect on the price of raw materials, particularly energy) could have an adverse effect on the current year compared to what was originally forecast.



## ► SUBSIDIARIES

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

Amounts in Euro

CONSOLIDATED COMPANIES LINE BY LINE	Registered office	Share capital	Equity	Currency	% held	% held with put/call options	Put / Call Options	Notes
TeamSystem Holdco S.p.A.	Pesaro	14,596,648	1,454,423,742	EUR				
TeamSystem Holdco 1 S.r.l.	Pesaro	3,000	1,454,775,397	EUR	100.00	100.00		
TeamSystem Holdco 2 S.r.l.	Pesaro	3,000	1,453,773,588	EUR	100.00	100.00		
TeamSystem Holdco 3 S.p.A.	Pesaro	50,000	1,445,578,541	EUR	100.00	100.00		
TeamSystem S.p.A.	Pesaro	24,000,000	1,515,641,140	EUR	100.00	100.00		
Techmass S.r.l.	Bassano del Grappa (VI)	11,538	666,877	EUR	51.00	100.00	1	
Area 32 S.r.l.	San Donà di Piave (VE)	10,000	887,086	EUR	100.00	100.00		
MBM Italia S.r.l.	Padova	40,800	4,757,176	EUR	100.00	100.00		
Beneficy S.r.l.	Roma	90,000	220,336	EUR	51.00	100.00	1	
Team4you S.r.l.	Ripalimosani (CB)	10,000	1,342,581	EUR	90.00	100.00	1	
Habble S.r.l.	Vecchiano (PI)	21,930	3,882,662	EUR	60.00	100.00	1	
Software del Sol S.A.	Mengibar (Jaén)	75,000	4,025,251	EUR	100.00	100.00		
TeamSystem 8 S.r.l.	Milano	12,000	1,175,163	EUR	100.00	100.00		
My Expenses S.L	Madrid	73,074	1,184,358	EUR	59.60	100.00	1	
Billin Factura Electronica S.L.	Bilbao	3,050	(37,987)	EUR	100.00	100.00		2
Logical Soft S.r.l.	Desio (MB)	200,000	4,514,549	EUR	60.00	100.00	1	
TeamSystem 11 S.r.l.	Milano	10,000	(2,391,640)	EUR	100.00	100.00		
Progetto Studio S.r.l.	Verona	100,000	4,712,479	EUR	100.00	100.00		3
Data-Consult S.r.l.	Vado Ligure (SV)	50,000	1,177,859	EUR	100.00	100.00		3
Selda S.r.l.	Chiavari (GE)	20,000	900,579	EUR	100.00	100.00		4
NewTronic S.r.l.	Padova	93,000	2,395,160	EUR	100.00	100.00		5
Cesio S.r.l.	Brescia	90,000	316,845	EUR	100.00	100.00		5
EvolutionFit S.r.l.	Torino	10,000	1,861,353	EUR	100.00	100.00		
TeamSystem Service S.r.l.	Campobasso	200,000	56,958,242	EUR	100.00	100.00		
TeamSystem Communication S.r.l.	Civitanova Marche (MC)	23,300	431,275	EUR	75.00	100.00	1	
Danea Soft S.r.l.	Vigonza (PD)	100,000	64,372,344	EUR	100.00	100.00		
Madbit Entertainment S.r.l.	Treviolo (BG)	10,000	123,748,598	EUR	100.00	100.00		6
Nuovamacut Automazione S.p.A.	Bologna	108,000	34,196,498	EUR	100.00	100.00		
Gruppo Euroconference S.p.A.	Verona	300,000	32,314,791	EUR	96.87	96.87		7
Reviso International ApS	Copenhagen	50,011	(1,190,098)	DKK	100.00	100.00		
Reviso Cloud Accounting Limited	Reading	1	33,123	GBP	100.00	100.00		8
Reviso Deutschland GmbH	Berlino	25,000	50,829	EUR	100.00	100.00		8
Mondora S.r.l.	Milano	105,000	4,640,449	EUR	100.00	100.00		
Voispeed UK Ltd	Saint Albans - UK	1,000	103,561	GBP	85.00	85.00		9
Cassanova S.r.l.	Sant. di Romagna (RN)	10,000	2,583,155	EUR	100.00	100.00		
TeamSystem Financial Value Chain S.r.l.	Milano	4,931,373	13,404,485	EUR	81.20	100.00	1	
Whit-e S.r.l.	Milano	15,000	4,319,414	EUR	100.00	100.00		10
TeamSystem AM Holdco S.r.l.	Milano	10,000	1,153,614	EUR	91.20	100.00	1	10
TeamSystem Capital at Work SGR S.p.A.	Milano	165,000	940,645	EUR	91.00	91.00		11
FIN-MD-TECH SRL	Milano	50,000	45,270	EUR	100.00	100.00		10
TeamSystem Payments Holdco S.r.l.	Milano	10,000	3,271,673	EUR	100.00	100.00		
TeamSystem Payments S.r.l.	Milano	125,000	2,432,245	EUR	100.00	100.00		12
Modefinance S.r.l.	Trieste	210,000	4,453,587	EUR	59.00	100.00	1	
Modefinance International S.r.l.	Milano	100,000	210,963	EUR	65.00	100.00	1	13
Storeden S.r.l.	Villorba (TV)	20,000	642,681	EUR	100.00	100.00		
TeamSystem 10 S.r.l.	Milano	11,000	266,960	EUR	100.00	100.00		
ITReview S.r.l.	Noventa Padovana (PD)	50,000	1,036,379	EUR	100.00	100.00		
Claomanager S.r.l.	Trento (TN)	8,350	109,082	EUR	51.00	100.00	1	
TeamSyver S.r.l.	Negrar di Valpolicella (TV)	10,000	740,785	EUR	100.00	100.00		
CZ Informatica S.r.l.	Agliana (PT)	25,000	(215,450)	EUR	100.00	100.00		
Progetto Software S.r.l.	Carrara (MS)	10,400	581,635	EUR	100.00	100.00		
Software gestionale integrato Srl - SO.GE	Cagliari	15,000	510,093	EUR	100.00	100.00		14
Algoritmi S.r.l.	Tremestieri Etneo (CT)	10,000	157,985	EUR	100.00	100.00		
SIA S.r.l.	Castelleone (CR)	10,710	2,396,477	EUR	100.00	100.00		

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

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

## ■ COMPANIES CONTROLLED IN THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

### TeamSystem Holdco 1 S.r.l. (formerly TeamSystem Cleanco S.r.l.)

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

**TeamSystem Holdco 2 S.r.l. (formerly TeamSystem Midco 1 S.r.l.)**

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

**TeamSystem Holdco 3 S.r.l. (formerly TeamSystem Midco 2 S.r.l.)**

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

**TeamSystem S.p.A.**

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

**Gruppo Euroconference S.p.A.**

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

**Nuovamacut Automazione S.p.A.**

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

**TeamSystem Service S.r.l.**

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

**TeamSystem Communication S.r.l. and Voispeed Limited**

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

**Danea Soft S.r.l.**

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

**Madbit Entertainment S.r.l.**

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

**Reviso International ApS and subsidiaries**

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

**Mondora S.r.l.**

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

#### **EvolutionFit S.r.l.**

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

#### **Cassanova S.r.l.**

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

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

In February 2019, TeamSystem S.p.A. set up a subsidiary company called TeamSystem Financial Value Chain S.r.l., with the aim of making it become TeamSystem Group's centre of excellence for financial services. TeamSystem Financial Value Chain S.r.l. holds a 100% share of Whit-e S.r.l. (a leading provider of technological platforms and solutions for invoice trading services), a 100% share of FIN-MD-TECH (a company established in 2022 that provides credit brokerage services), and a majority share of TeamSystem AM Holdco S.r.l.

TeamSystem AM Holdco S.r.l. itself holds a majority interest in TeamSystem Capital at Work SGR S.p.A.

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

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

#### **TechMass S.r.l.**

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

#### **AREA 32 S.r.l.**

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

#### **MBM Italia S.r.l.**

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

#### **Beneficy S.r.l.**

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

#### **Team4you S.r.l.**

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

#### **Software del Sol**

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

#### **Habble S.r.l.**

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

#### **TeamSystem 8 S.r.l.**

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



#### **Modefinance S.r.l. and its subsidiaries**

In February 2021, TeamSystem S.p.A. acquired a controlling interest in Modefinance S.r.l., a company specialising in corporate credit ratings. In October 2021, the company established Modefinance International S.r.l., which distributes Modefinance S.r.l. products internationally.

#### **My Expenses S.L. (and Billin)**

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

#### **Logical Soft S.r.l.**

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

#### **TeamSystem 11**

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

#### **Progetto Studio (and subsidiaries and/or associated companies)**

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

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

Both companies are resellers of TeamSystem software.

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

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

#### **TeamSystem 10**

In February 2022, TeamSystem S.p.A. acquired a 100% interest in TeamSystem 10 S.r.l., a reseller of TeamSystem software for businesses, accountants and consultants.

#### **Storeden S.r.l.**

In January 2022, TeamSystem S.p.A. acquired a 100% controlling interest in Storeden S.r.l., a company that develops and sells e-commerce software.

#### **IT Review S.r.l.**

In April 2022, TeamSystem S.p.A. acquired a controlling interest (100%) in IT Review S.r.l., a company that develops business intelligence software solutions.

#### **Ciaomanager S.r.l.**

In June 2022, TeamSystem S.p.A. acquired a controlling interest in Ciaomanager S.r.l., a company that develops SaaS cloud software solutions for hotels, in addition to developing other software solutions based on artificial intelligence.

#### **Teamsyver S.r.l.**

In October 2022, TeamSystem S.p.A. acquired 100% of the share capital of Teamsyver S.r.l., a newco to which Biemme Computer and Studio C contributed their respective business units. Teamsyver is a reseller of TeamSystem software.

#### **Progetto Software S.r.l. (and subsidiary companies)**

In December 2022, TeamSystem S.p.A. acquired a 100% interest in Progetto Studio S.r.l., which in turn holds 100% of the share capital of Sogei S.p.A. Both companies are resellers of TeamSystem software.

#### **CZ Informatica S.r.l.**

In December 2022, TeamSystem S.p.A. acquired 100% interest in CZ Informatica S.r.l., a reseller of TeamSystem software.

#### **SIA S.r.l.**

In December 2022, TeamSystem S.p.A. acquired 100% interest in SIA S.r.l., a reseller of TeamSystem software.

**Algoritmi S.r.l.**

In December 2022, TeamSystem S.p.A. acquired 100% interest in Algoritmi S.r.l S.r.l., a reseller of TeamSystem software.

**► ASSOCIATED COMPANIES**

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

Amounts in Euro

CONSOLIDATED COMPANIES EQUITY METHOD	Registered office	Share capital	Equity	Currency	% held	% held with put/call options	Put / Call Options	Notes
Esaedro S.r.l. (*)	Parma	20,800	489,976	EUR	40.00	40.00		
INTIT S.r.l. (*)	Frosinone	20,800	353,471	EUR	35.00	35.00		
Cesaco S.r.l. (*)	Vicenza	90,000	31,547	EUR	48.00	48.00		

(\*) = figures updated to 31 December 2021 financial statements.

A summary is provided below of balances at 31 December 2022 with associated companies and transactions therewith in the year then ended.

ASSOCIATED COMPANIES	Trade and Other receivables	Financial receivables	31 Dec 2022	Trade and Other payables	Financial liabilities	31 Dec 2022
Esaedro	286		286	34		34
INTIT			0	52		52
<b>Total</b>	<b>286</b>	<b>0</b>	<b>286</b>	<b>85</b>	<b>0</b>	<b>85</b>

ASSOCIATED COMPANIES	Total Revenues	Finance income	31 Dec 2022	Operating costs	Finance cost	31 Dec 2022
Esaedro	1,805	60	1,865	327		327
<b>Total</b>	<b>1,805</b>	<b>60</b>	<b>1,865</b>	<b>327</b>	<b>0</b>	<b>327</b>

□ □ □

**► RELATED COMPANIES**

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

□ □ □

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

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

TeamSystem Holdco S.p.A.'s tax code is 11360450966

TeamSystem Holding S.p.A. is registered with the Pesaro Chamber of Commerce (registration No. 271034).

The consolidated and separate financial statements of TeamSystem Holdco S.p.A. for the year ended 31 December 2022 have been audited by Deloitte & Touche S.p.A.

□ □ □

**Milan, 20 March 2023**

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

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke extending to the right.

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

## CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

Euro thousands

CONSOLIDATED STATEMENT OF PROFIT OR LOSS	31 Dec 2022	31 Dec 2021	NOTES
Revenue	563,508	407,480	1 / 2
Other operating income	4,670	3,402	1 / 2
<b>TOTAL REVENUE</b>	<b>568,178</b>	<b>410,882</b>	<b>1 / 2</b>
Cost of raw and other materials	(51,410)	(36,157)	3
Cost of services	(139,739)	(104,655)	4
Personnel costs	(159,952)	(116,017)	5
Other operating costs	(3,882)	(4,541)	6
Depreciation and amortization of non current assets	(208,358)	(170,478)	11 / 12 / 13
Allowance for bad debts	(5,489)	(3,765)	20
Other provisions for risks and charges	(2,413)	(79)	25
Impairment of non current assets	(78,109)	0	14
<b>OPERATING RESULT</b>	<b>(81,173)</b>	<b>(24,810)</b>	
Share of Profit (Loss) of associates	43	60	
Finance income	44,051	5,714	7
Finance cost	(124,415)	(110,219)	8
<b>PROFIT (LOSS) BEFORE INCOME TAXES</b>	<b>(161,493)</b>	<b>(129,256)</b>	
Current income tax	(23,600)	(18,677)	9
Deferred income tax	38,555	83,927	9
<b>TOTAL INCOME TAX</b>	<b>14,955</b>	<b>65,250</b>	
<b>PROFIT (LOSS) FOR THE YEAR</b>	<b>(146,538)</b>	<b>(64,006)</b>	
(Profit) Loss for the year - Non controlling interests	(3)	(170)	
<b>PROFIT (LOSS) FOR THE YEAR - OWNERS OF THE COMPANY</b>	<b>(146,541)</b>	<b>(64,176)</b>	

Euro thousands			
CONSOLIDATED STATEMENT OF			
	31 Dec 2022	31 Dec 2021	NOTES
<b>PROFIT (LOSS) FOR THE YEAR</b>	<b>(146,538)</b>	<b>(64,006)</b>	
Actuarial evaluation of Staff leaving indemnity	4,387	(865)	24
Tax effect	(1,053)	208	24
<b>ITEMS THAT WILL NOT BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS NET OF TAX</b>	<b>3,334</b>	<b>(657)</b>	
Exchange rate differences	(9)	3	
<b>ITEMS THAT WILL BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS NET OF TAX</b>	<b>(9)</b>	<b>3</b>	
<b>TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR</b>	<b>(143,213)</b>	<b>(64,660)</b>	
Total comprehensive (income) loss for the year attributable to Non controlling interests	(2)	(171)	
<b>TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR - OWNERS OF THE COMPANY</b>	<b>(143,215)</b>	<b>(64,831)</b>	

Euro thousands

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

<b>ASSETS</b>	<b>31 Dec 2022</b>	<b>Restated 31 Dec 2021</b>	<b>NOTES</b>
Tangible assets	16,203	15,779	11
Intangible assets	1,315,044	1,477,575	12
Right of use	23,154	23,158	13
Goodwill	1,805,191	1,813,914	14 / 15
Other Investments	258	943	16
Investments in associates	216	258	16
Deferred tax assets	14,293	16,278	17
Other financial assets - non current	31,233	0	18
<b>TOTAL NON CURRENT ASSETS</b>	<b>3,205,591</b>	<b>3,347,905</b>	
Inventories	1,111	879	19
Trade receivables	148,294	124,840	20
Tax receivables	961	2,452	21
Other receivables - current	37,385	36,747	22
Other financial assets - current	8,301	8,478	18
Cash and bank balances	145,523	59,090	18
<b>TOTAL CURRENT ASSETS</b>	<b>341,575</b>	<b>232,487</b>	
<b>TOTAL ASSETS</b>	<b>3,547,167</b>	<b>3,580,392</b>	

Euro thousands

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

<b>EQUITY AND LIABILITIES</b>	<b>31 Dec 2022</b>	<b>Restated 31 Dec 2021</b>	<b>NOTES</b>
Share capital	14,597	14,597	23
Other reserves	1,378,765	1,439,231	23
Retained earnings (accumulated losses)	(236)	(27)	23
Profit (Loss) attributable to Owners of the Company	(146,541)	(64,176)	23
<b>TOTAL EQUITY attributable to OWNERS OF THE COMPANY</b>	<b>1,246,585</b>	<b>1,389,624</b>	
Non controlling interests - Capital and reserves	800	721	23
Non controlling interests - Profit (Loss)	3	170	23
<b>TOTAL NON CONTROLLING INTERESTS</b>	<b>803</b>	<b>892</b>	
<b>TOTAL EQUITY</b>	<b>1,247,388</b>	<b>1,390,516</b>	
Financial liabilities with banks and other institutions - non current	1,658,232	1,474,308	18
Staff leaving indemnity	24,724	25,974	24
Provisions for risks and charges	12,701	13,250	25
Deferred tax liabilities	309,593	348,649	17
Other liabilities - non current	389	432	27
<b>TOTAL NON CURRENT LIABILITIES</b>	<b>2,005,639</b>	<b>1,862,614</b>	
Financial liabilities with banks and other institutions - current	67,099	125,890	18
Trade payables	67,646	62,693	
Tax liabilities - current	8,928	8,603	26
Other liabilities - current	150,466	130,076	27
<b>TOTAL CURRENT LIABILITIES</b>	<b>294,139</b>	<b>327,262</b>	
<b>TOTAL LIABILITIES</b>	<b>2,299,778</b>	<b>2,189,876</b>	
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>3,547,167</b>	<b>3,580,392</b>	

Euro thousands

CONSOLIDATED STATEMENT OF CASH FLOWS	31 Dec 2022	Restated 31 Dec 2021	NOTES
<b>Operating Result</b>	<b>(81,173)</b>	<b>(24,810)</b>	
Depreciation and amortisation of non-current assets	208,358	170,478	
Write-off of non current assets	78,109	0	
<b>Depreciation and amortisation of non-current assets</b>	<b>286,467</b>	<b>170,478</b>	
Trade receivables	(18,155)	150,407	
Inventories	(229)	479	
Other receivables	(3,790)	5,961	
Trade payables	1,668	5,896	
Other liabilities	20,371	(108,809)	
<b>Change in Working capital</b>	<b>(135)</b>	<b>53,934</b>	
Staff leaving indemnity	428	54	
Provisions for risks and charges	(1,262)	(1,356)	
<b>Change in provisions</b>	<b>(834)</b>	<b>(1,302)</b>	
<b>Income tax paid</b>	<b>(25,481)</b>	<b>(21,671)</b>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>178,844</b>	<b>176,630</b>	
Investments in tangible assets	(5,353)	(4,426)	
Investments in intangible assets	(13,834)	(12,161)	
Capitalized development costs - personnel costs	(11,946)	(9,940)	
Capitalized development costs - service costs	(5,217)	(3,161)	
<b>Capital Expenditure</b>	<b>(36,350)</b>	<b>(29,687)</b>	
Acquisition of investments	(42,716)	(1,955,360)	10
Cash and bank balances at the date of acquisition	5,671	37,506	
<b>Acquisition of investments</b>	<b>(37,045)</b>	<b>(1,917,854)</b>	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>(73,395)</b>	<b>(1,947,541)</b>	
<b>Financial balance paid / cashed-in and change in financial assets / liabilities</b>	<b>33,187</b>	<b>659,639</b>	10
<b>Financing Fees paid</b>	<b>(6,420)</b>	<b>(56,146)</b>	10
<b>Liabilities to non controlling shareholders of subsidiaries</b>	<b>(45,759)</b>	<b>(132,421)</b>	10
<b>Other equity movements</b>	<b>(16)</b>	<b>1,358,303</b>	
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>(19,007)</b>	<b>1,829,375</b>	
<b>INCREASE (DECREASE) IN CASH AND BANK BALANCES DUE TO EXCHANGE RATE MOVEMENTS</b>	<b>(10)</b>	<b>13</b>	
<b>INCREASE (DECREASE) IN CASH AND BANK BALANCES</b>	<b>86,433</b>	<b>58,476</b>	
<b>CASH AND BANK BALANCES - BEGINNING OF THE YEAR</b>	<b>59,090</b>	<b>614</b>	
<b>CASH AND BANK BALANCES - END OF THE YEAR</b>	<b>145,523</b>	<b>59,090</b>	

## STATEMENT OF CHANGES IN EQUITY

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

	Share capital	Other reserves	Retained earnings (accumulated losses)	Profit (Loss) attributable to Owners of the Company	Equity attributable to Owners of the Company	Non controlling interests	TOTAL
<b>31 Dec 2021</b>	<b>14,597</b>	<b>1,439,231</b>	<b>(27)</b>	<b>(64,176)</b>	<b>1,389,624</b>	<b>892</b>	<b>1,390,516</b>
Profit (Loss) allocation		(63,967)	(209)	64,176	0		0
Other movements		(15)			(15)		(15)
Sale of minority stake in subsidiaries		190			190	(90)	100
Profit (Loss) for the year				(146,541)	(146,541)	3	(146,538)
Other Profit (Loss) on comprehensive income		3,326			3,326	(1)	3,325
<b>31 Dec 2022</b>	<b>14,597</b>	<b>1,378,765</b>	<b>(236)</b>	<b>(146,541)</b>	<b>1,246,585</b>	<b>803</b>	<b>1,247,388</b>



# TeamSystem Group

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

### **► COMPANY BACKGROUND**

TeamSystem Holdco S.p.A. is a company registered with the Pesaro business register and it is domiciled in Italy with its registered office located in Pesaro. TeamSystem Holdco S.p.A (the “Parent Company” or the “Parent”) is the Parent Company of TeamSystem Group (the “Group”), leader in Italy in the production and marketing of management software and in the provision of training targeted at associations, small and medium-sized enterprises and professionals (accountants, labour consultants, lawyers, condominium managers and self-employed professionals). Effective 2019, via the incorporation and acquisition of financial companies, the Group has extended its range of services to encompass financial services.

The consolidated financial statements were approved by the Board of Directors on 20 March 2023.

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### **► ACCOUNTING STANDARDS ADOPTED**

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

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

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

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### **► GOING CONCERN BASIS**

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

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**► CONTENT OF THE CONSOLIDATED FINANCIAL STATEMENTS**

The consolidated financial statements include:

1. **A consolidated statement of profit or loss** for the year ended 31 December 2022. In particular, it should be noted that the consolidated statement of profit or loss format presents an analysis of costs aggregated by nature, since this classification is considered more relevant for understanding TeamSystem Group's results. Moreover, since no discontinued or similar operations occurred in 2022 or 2021, profit (loss) for the year is derived solely from continuing operations; Consequently, the Group has not presented profit (loss) from continuing operations for the year since, as indicated, this coincides with profit (loss) for the year.
2. **A consolidated statement of comprehensive income** for the year ended 31 December 2022. In fact, IAS 1 requires that the statement of changes in equity has to evidence only changes generated by transactions with shareholders along with comprehensive income, as defined below. The statement of comprehensive income begins with the profit or loss for the year followed by a section on other components of comprehensive income recognised directly in equity and then comprehensive income for the year, being the total profit (loss) for the year and other components of comprehensive income. The other comprehensive income section presents revenue and expense line items grouped between those items that will not be reclassified to profit and loss in subsequent periods and those that, on the fulfilment of certain predetermined conditions envisaged by the pertinent IAS/IFRS, will be reclassified to profit and loss.
3. **A consolidated statement of financial position** at 31 December 2022. In particular, the statement of financial position has been prepared using a format, in accordance with IAS 1, classified based the operating cycle, with a distinction between current and non-current components. Based on this distinction, assets and liabilities are considered current if it is expected that they will be realised or settled during the normal operating cycle. Note that the consolidated statement of financial position at 31 December 2021 has been restated to reflect the final Purchase Price Allocation of Progetto Studio (and its subsidiaries), Data Consult (and its associates) and Logical Soft.
4. **A consolidated statement of cash flows** for the year ended 31 December 2022. The statement of cash flows is presented using the indirect method starting with the operating result, as permitted by IAS 7, under which profit or loss for the year is adjusted for the effects of non-cash transactions, such as those arising from deferrals or allocations to provisions linked to previous or future costs and payments. Note that the consolidated statement of cash flows at 31 December 2021 has been restated to reflect the final Purchase Price Allocation of Progetto Studio (and its subsidiaries), Data Consult (and its associates) and Logical Soft.
5. **A consolidated statement of changes in equity** for the year ended 31 December 2022.
6. **Notes** to the consolidated financial statements.

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**► SCOPE OF CONSOLIDATION**

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

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

Amounts in Euro

CONSOLIDATED COMPANIES LINE BY LINE	Registered office	Share capital	Equity	Currency	% held	% held with put/call options	Put / Call Options	Notes
TeamSystem Holdco S.p.A.	Pesaro	14,596,648	1,454,423,742	EUR				
TeamSystem Holdco 1 S.r.l.	Pesaro	3,000	1,454,775,397	EUR	100.00	100.00		
TeamSystem Holdco 2 S.r.l.	Pesaro	3,000	1,453,773,588	EUR	100.00	100.00		
TeamSystem Holdco 3 S.p.A.	Pesaro	50,000	1,445,578,541	EUR	100.00	100.00		
TeamSystem S.p.A.	Pesaro	24,000,000	1,515,641,140	EUR	100.00	100.00		
Techmass S.r.l.	Bassano del Grappa (VI)	11,538	666,877	EUR	51.00	100.00	1	
Area 32 S.r.l.	San Donà di Piave (VE)	10,000	887,086	EUR	100.00	100.00		
MBM Italia S.r.l.	Padova	40,800	4,757,176	EUR	100.00	100.00		
Beneficy S.r.l.	Roma	90,000	220,336	EUR	51.00	100.00	1	
Team4you S.r.l.	Ripalimosani (CB)	10,000	1,342,581	EUR	90.00	100.00	1	
Habble S.r.l.	Vecchiano (PI)	21,930	3,882,662	EUR	60.00	100.00	1	
Software del Sol S.A.	Mengibar (Jaén)	75,000	4,025,251	EUR	100.00	100.00		
TeamSystem 8 S.r.l.	Milano	12,000	1,175,163	EUR	100.00	100.00		
My Expenses S.L.	Madrid	73,074	1,184,358	EUR	59.60	100.00	1	
Billin Factura Electronica S.L.	Bilbao	3,050	(37,987)	EUR	100.00	100.00		2
Logical Soft S.r.l.	Desio (MB)	200,000	4,514,549	EUR	60.00	100.00	1	
TeamSystem 11 S.r.l.	Milano	10,000	(2,391,640)	EUR	100.00	100.00		
Progetto Studio S.r.l.	Verona	100,000	4,712,479	EUR	100.00	100.00		
Data-Consult S.r.l.	Vado Ligure (SV)	50,000	1,177,859	EUR	100.00	100.00		3
Selda S.r.l.	Chiavari (GE)	20,000	900,579	EUR	100.00	100.00		4
NewTronic S.r.l.	Padova	93,000	2,395,160	EUR	100.00	100.00		5
Cesio S.r.l.	Brescia	90,000	316,845	EUR	100.00	100.00		5
EvolutionFit S.r.l.	Torino	10,000	1,861,353	EUR	100.00	100.00		
TeamSystem Service S.r.l.	Campobasso	200,000	56,958,242	EUR	100.00	100.00		
TeamSystem Communication S.r.l.	Civitanova Marche (MC)	23,300	431,275	EUR	75.00	100.00	1	
Danea Soft S.r.l.	Vigonza (PD)	100,000	64,372,344	EUR	100.00	100.00		
Madbit Entertainment S.r.l.	Treviolo (BG)	10,000	123,748,598	EUR	100.00	100.00		6
Nuovamacut Automazione S.p.A.	Bologna	108,000	34,196,498	EUR	100.00	100.00		
Gruppo Euroconference S.p.A.	Verona	300,000	32,314,791	EUR	96.87	96.87		7
Reviso International ApS	Copenhagen	50,011	(1,190,098)	DKK	100.00	100.00		
Reviso Cloud Accounting Limited	Reading	1	33,123	GBP	100.00	100.00		8
Reviso Deutschland GmbH	Berlin	25,000	50,829	EUR	100.00	100.00		8
Mondora S.r.l.	Milano	105,000	4,640,449	EUR	100.00	100.00		
Voispeed UK Ltd	Saint Albans - UK	1,000	103,561	GBP	85.00	85.00		9
Cassanova S.r.l.	Sant. di Romagna (RN)	10,000	2,583,155	EUR	100.00	100.00		
TeamSystem Financial Value Chain S.r.l.	Milano	4,931,373	13,404,485	EUR	81.20	100.00	1	
Whit-e S.r.l.	Milano	15,000	4,319,414	EUR	100.00	100.00		10
TeamSystem AM Holdco S.r.l.	Milano	10,000	1,153,614	EUR	91.20	100.00	1	10
TeamSystem Capital at Work SGR S.p.A.	Milano	165,000	940,645	EUR	91.00	91.00		11
FIN-MD-TECH SRL	Milano	50,000	45,270	EUR	100.00	100.00		10
TeamSystem Payments Holdco S.r.l.	Milano	10,000	3,271,673	EUR	100.00	100.00		
TeamSystem Payments S.r.l.	Milano	125,000	2,432,245	EUR	100.00	100.00		12
Modefinance S.r.l.	Trieste	210,000	4,453,587	EUR	59.00	100.00	1	
Modefinance International S.r.l.	Milano	100,000	210,963	EUR	65.00	100.00	1	13
Storeden S.r.l.	Villorba (TV)	20,000	642,681	EUR	100.00	100.00		
TeamSystem 10 S.r.l.	Milano	11,000	266,960	EUR	100.00	100.00		
ITReview S.r.l.	Noventa Padovana (PD)	50,000	1,036,379	EUR	100.00	100.00		
Ciaomanager S.r.l.	Trento (TN)	8,350	109,082	EUR	51.00	100.00	1	
TeamSyver S.r.l.	Negrar di Valpolicella (TV)	10,000	740,785	EUR	100.00	100.00		
CZ Informatica S.r.l.	Agliana (PT)	25,000	(215,450)	EUR	100.00	100.00		
Progetto Software S.r.l.	Carrara (MS)	10,400	581,635	EUR	100.00	100.00		
Software gestionale integrato Srl - SO.GE	Cagliari	15,000	510,093	EUR	100.00	100.00		14
Algoritmi S.r.l.	Tremestieri Etneo (CT)	10,000	157,985	EUR	100.00	100.00		
SIA S.r.l.	Castelleone (CR)	10,710	2,396,477	EUR	100.00	100.00		

Amounts in Euro

CONSOLIDATED COMPANIES EQUITY METHOD	Registered office	Share capital	Equity	Currency	% held	% held with put/call options	Put / Call Options	Notes
Esaedro S.r.l. (*)	Parma	20,800	489,976	EUR	40.00	40.00		
INTIT S.r.l. (*)	Frosinone	20,800	353,471	EUR	35.00	35.00		
Cesaco S.r.l. (*)	Vicenza	90,000	31,547	EUR	48.00	48.00		

(\*) = figures updated to 31 December 2021 financial statements.

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

As regards companies in which the Group no longer holds a 50% interest, and, consequently, holds the same percentage of voting rights exercisable at general meetings, it has been deemed that control does not exist because the Group i) does not have power over the investee, that being the ability to direct the relevant activities that

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

#### **Changes to the scope of consolidation during the course of 2022**

The following acquisitions were completed in 2022, resulting in a change in the scope of consolidation compared to 31 December 2021:

##### **TeamSystem 10**

In February 2022, TeamSystem S.p.A. acquired a 100% interest in TeamSystem 10 S.r.l., a reseller of TeamSystem software for businesses, accountants and consultants.

##### **Storeden S.r.l.**

In January 2022, TeamSystem S.p.A. acquired a 100% controlling interest in Storeden S.r.l., a company that develops and sells e-commerce software.

##### **IT Review S.r.l.**

In April 2022, TeamSystem S.p.A. acquired a controlling interest (100%) in ITReview S.r.l., a company that develops business intelligence solutions.

##### **Ciaomanager S.r.l.**

In June 2022, TeamSystem S.p.A. acquired an additional 36% interest in the share capital of Ciaomanager S.r.l. (it previously held a 15% interest). Therefore, on 31 December 2022 TeamSystem S.p.A. held a controlling interest of 51% of the share capital of Ciaomanager. Ciaomanager develops SaaS cloud software solutions for hotels, in addition to developing other innovative software solutions based on artificial intelligence. A put and call option agreement was entered into with respect to the remaining 49% interest in the company.

##### **Teamsyver S.r.l.**

In October 2022, TeamSystem S.p.A. acquired 100% of the share capital of Teamsyver S.r.l., a newco to which Biemme Computer and Studio C contributed their respective business units. Teamsyver is a reseller of TeamSystem software.

##### **Progetto Software S.r.l. (and subsidiary companies)**

In December 2022, TeamSystem S.p.A. acquired a 100% interest in Progetto Studio S.r.l., which in turn holds 100% of the share capital of Sogei S.p.A. Both companies are resellers of TeamSystem software.

##### **CZ Informatica S.r.l.**

In December 2022, TeamSystem S.p.A. acquired 100% interest in CZ Informatica S.r.l., a reseller of TeamSystem software.

##### **SIA S.r.l.**

In December 2022, TeamSystem S.p.A. acquired 100% interest in SIA S.r.l., a reseller of TeamSystem software.

##### **Algoritmi S.r.l.**

In December 2022, TeamSystem S.p.A. acquired 100% interest in Algoritmi S.r.l. S.r.l., a reseller of TeamSystem software.

##### **Sistemi Gestionali, Sedas, S.I. Global, Team Ufficio (contribution of business units to TeamSystem 8)**

In January 2022, the businesses of the following resellers of TeamSystem products were acquired by way of contribution of their respective business units into TeamSystem 8 and subsequent acquisition of this company's share capital:

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

### **FIN-MD-TECH**

In June 2022, TeamSystem Financial Value Chain set up a company called FIN-MD-TECH, in which it holds a 100% stake. FIN-MD-TECH provides credit brokerage services.

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### **► REFERENCE DATE**

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

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

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### **► BASIS OF CONSOLIDATION**

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

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

### **Business combinations**

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

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

All other costs associated with a transaction are expensed.

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

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

If it is only possible to make a preliminary determination of the fair value of the assets and liabilities at the acquisition date, the business combination shall be recognised using these preliminary amounts. Any adjustments

arising from the final determination of the foregoing shall be recognised within twelve months of the acquisition and the related comparatives shall be restated.

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

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

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

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#### **► TRANSLATION OF FOREIGN CURRENCY FINANCIAL STATEMENTS**

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

The foreign companies included in the scope of consolidation at 31 December 2022 that use a currency other than the euro are Voispeed Limited and Reviso Cloud Accounting Limited, which use the British pound (GBP) and Reviso International ApS, which uses the Danish Krone (DKK) as their functional currencies.

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

<b>EXCHANGE RATES</b>						
	<b>Average 2022</b>	<b>Average 2021</b>	<b>%</b>	<b>31 Dec 2022</b>	<b>31 Dec 2021</b>	<b>%</b>
<b>GBP</b>	<b>0.85</b>	<b>0.86</b>	-1.1%	<b>0.89</b>	<b>0.84</b>	5.9%
<b>DKK</b>	<b>7.44</b>	<b>7.44</b>	0.0%	<b>7.44</b>	<b>7.44</b>	0.0%

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#### **► ACCOUNTING POLICIES**

Set out below are the accounting policies adopted by the Group for the measurement of the components of the financial statements for the year ended 31 December 2022.

### **Research and development expenses**

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

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

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

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

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

### **Customer relationship**

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

### **Proprietary software**

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

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

### **Third party software licenced for internal use**

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

### **Brands**

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

### **Goodwill**

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

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

### **Subsequent costs**

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

### **Amortisation**

Amortisation is charged systematically on a straight-line basis over the asset's estimated useful life, except for intangible assets with an indefinite life (being solely goodwill) that are not amortised and are systematically

assessed to verify the absence of impairment. Other intangible assets are amortised starting from the time they become usable.

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

<b>Goodwill</b>	Indefinite useful life
<b>Brands</b>	10 - 20 years
<b>Customer relationship</b>	8 - 12 years
<b>Proprietary software</b>	5 years
<b>Development costs</b>	3 - 5 years

### **Tangible fixed assets**

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

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

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

### **Leases**

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

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

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

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

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

- Fixed lease payments (including in-substance fixed payments), less any lease incentives received;



- Amounts expected to be payable by the lessee under residual value guarantees;
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option;
- Payments of penalties for early termination of the lease, if the lease term reflects the lessee exercising an option to terminate the lease and the exercise thereof, is reasonably certain;

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

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

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

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

A provision is recognised and measured in accordance with IAS 37 if the Group is required to bear the costs of dismantling and removing the leased asset, restoring the site on which the leased asset is located, or restoring the asset to the condition required by the terms and conditions of the lease. These costs are included as part of the cost of the right-of-use asset.

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

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

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

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

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

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

### **Write-downs (Impairment)**

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

In accordance with applicable accounting standards, the assessment is performed by comparing the carrying amount to the estimated recoverable amount, represented by the higher of the "value in use" or the "fair value less costs to sell". For the above assessment, assets are grouped into the smallest identifiable unit for which Management is capable of separating the related cash inflows, which is represented by the Cash Generating Unit (CGU). The Cash Generating Units are identified in a manner consistent with the Group's organisational and

business structure, being the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

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

### **Investments in other companies**

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

### **Investments in associates**

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

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

### **Inventories**

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

### **Financial instruments**

IFRS 9 - Financial Instruments sets out certain requirements for:

- 1) the classification and measurement of financial assets;
- 2) the classification and measurement of financial liabilities;
- 3) impairment of financial assets, and;
- 4) accounting for hedging transactions.

#### 1) Classification and measurement of financial assets

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

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

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

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

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

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

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

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

#### 2) Classification and measurement of financial liabilities

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

#### 3) Impairment of financial assets

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

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

#### 4) Accounting for hedging transactions.

IFRS 9 requires that all derivative instruments be measured at fair value both at initial recognition and at the end of each subsequent reporting period.

If the fair value measurement is positive, the derivative financial instrument is recognised as a financial asset in the statement of financial position; if the fair value measurement is negative, the derivative represents a financial liability and is classified as a liability in the statement of financial position.

The balancing entry for the subsequent measurement of the derivative is generally the statement of profit or loss; for hedging instruments, however, there is the option of representing the hedged item and the hedging instrument directly in the appropriate reserve in the statement of comprehensive income (hedge accounting).

Under IFRS 9, a hedging relationship qualifies for hedge accounting only if all of the following criteria are met:

- a) the hedging relationship consists only of hedging instruments and hedged items that meet the requirements of IFRS 9.
- b) at the inception of the hedging relationship there is formal designation and documentation of the hedging relationship and the entity's risk management objective and strategy for undertaking the hedge.
- c) the hedging relationship meets all the hedge effectiveness requirements of IFRS 9.

The Group uses derivative financial instruments for economic hedging purposes in order to manage its exposure to risk arising from changes in interest rates. Despite such derivative financial instruments having been entered into solely for hedging purposes and that they could potentially qualify as cash flow hedges, the Group has decided not to exercise the option, provided for by IFRS 9, to use hedge accounting for the recognition of such instruments and, accordingly, recognises changes in fair value of these derivative financial in profit or loss.

### **Trade receivables**

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

### **Cash and bank balances**

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

### **Interest bearing financial liabilities**

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

### **Trade and other payables**

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

### **Foreign currency transactions**

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

### **Employee benefit plans**

#### **1. Defined contribution plans**

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

#### **2. Defined benefit plans**

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

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

### **Provisions for risks and charges**

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

### **Revenue**

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

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

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

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

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

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

#### **•Recurring Revenue**

The main sources of recurring revenue are:

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

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

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

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

#### **•Other revenue (Software licences and Professional services)**

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

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

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

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

#### **Hardware and other items**

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

### **Grants**

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

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

### **Dividends**

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

### **Finance income and costs**

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

### **Current and deferred taxation**

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

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

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### **► EARNINGS PER SHARE**

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

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### **► SEGMENT INFORMATION**

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

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

In 2021, the TeamSystem Group started and completed a review of its organisational structure, which resulted in the following operating sectors being identified within the Group:

- **Enterprise ("ENT") Business Unit:** products/services for SMEs, mainly consisting of core products (ERP) and accessory products and vertical solutions;
- **Professional ("PROF") Business Unit:** products/services for professionals and labour consultants (accounting, tax, payroll);
- **Market Specific Solutions ("MSS") Business Unit:** vertical solutions aimed at highly specialised markets;
- **Micro ("MICRO") Business Unit:** mainly Cloud-based solutions for small and micro enterprises;

- **Digital Finance ("DIF") Business Unit:** solutions related to financial digitalisation;
- **HR ("HR") Business Unit:** modular HR system covering all HR management and business process outsourcing requirements;

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### **► USE OF ESTIMATES**

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

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

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

is accounted for at its estimated fair value, having applied various assumptions regarding the estimated indicators that form the basis for its computation and the expected timing of disbursements. The nominal value of the exercise price of the liability to non-controlling shareholders of subsidiaries is then discounted at the reporting date by applying the relevant discount rate, which is the same as that adopted for the cost of debt component in impairment tests.

**► ROUNDING**

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

Certain amounts reported in these consolidated financial statements, including financial information and certain operating data, have been subject to rounding adjustments due to the presentation of figures in thousands of euro. Accordingly, in certain cases, the sum of the numbers in a column or a row in tables may not correspond exactly to the total figure given for that column or row.

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## **ACCOUNTING STANDARDS, AMENDMENTS AND IFRS INTERPRETATIONS APPLICABLE FROM 1 JANUARY 2022**

The following accounting standards, amendments and IFRS interpretations are applicable to the Group for the first time starting on 1 January 2022:

- On 14 May 2020, the IASB issued the following:
  - **Amendments to IFRS 3 Business Combinations:** the purpose of the amendments is to update the reference in IFRS 3 to the Conceptual Framework in the revised version, without this resulting in any changes to the requirements of the standard itself.
  - **Amendments to IAS 16 Property, plant and equipment:** the objective of the Amendments is to prohibit entities from deducting from the cost of property, plant and equipment amounts received from selling items produced while the entity is preparing the asset for its intended use. The revenue and the related costs will accordingly be recognised in profit or loss.
  - **Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets:** the amendment clarifies that all costs directly attributable to a contract should be taken into account when determining whether a contract is onerous. Accordingly, the assessment of whether a contract is onerous includes not only the incremental costs (e.g. the cost of direct material used in processing) but also all unavoidable costs the company incurs as a result of entering the contract (e.g. the share of depreciation of machinery used to fulfil the contract).
  - **Annual Improvements 2018-2020:** amendments were made to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture and the Illustrative Examples of IFRS 16 Leases.

The adoption of these amendments has had no effect on the Group's consolidated financial statements.

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**ACCOUNTING STANDARDS, AMENDMENTS AND IFRS AND IFRIC INTERPRETATIONS ENDORSED BY THE EUROPEAN UNION, BUT NOT YET MANDATORILY APPLICABLE AND NOT ADOPTED EARLY BY THE GROUP AT 31 DECEMBER 2022**

- On 18 May 2017, the IASB issued **IFRS 17 – Insurance Contracts**, which replaces IFRS 4 – Insurance Contracts.

The objective of the new standard is to ensure that an entity provides relevant information that faithfully represents the rights and obligations arising from insurance contracts. The IASB has developed the standard to eliminate inconsistencies and weaknesses in existing accounting policies by providing a principle-based framework that takes account of all types of insurance contracts, including reinsurance contracts that an insurer holds.

The new standard also sets out presentation and disclosure requirements to improve comparability between entities in this sector.

It measures an insurance contract using a general model or a simplified version thereof, known as the Premium Allocation Approach (PAA).

The main features of the General Model are:

- estimates and assumptions of future cash flows are always current;
- measurement reflects the time value of money;
- estimates make maximum use of observable market information;
- there is a current and explicit measurement of risk;
- expected profit is deferred and aggregated in groups of insurance contracts at initial recognition; and,
- expected profit is recognised over the coverage period after adjustments for changes in the cash flows assumptions related to each group of contracts.

An entity may simplify the measurement of the liability for remaining coverage of a group of insurance contracts using the PAA on the condition that, at initial recognition, the entity reasonably expects this will be an approximation of the general model. Contracts with a coverage period of one year or less are automatically eligible for PAA. The simplifications arising from the PAA do not apply to the group's liability for incurred claims, which are measured under the general model. However, there is no need to discount those cash flows if the balance is expected to be paid or received in one year or less from the date the claims are incurred.

An entity shall apply the new standard to insurance contracts it issues, including reinsurance contracts, to reinsurance contracts it holds and to investment contracts with discretionary participation features (DPF).

The standard is effective from 1 January 2023. Earlier application is permitted if both IFRS 9 - Financial Instruments and IFRS 15 - Revenue from Contracts with Customers have also been applied.

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 this standard.

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

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

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

- On 23 January 2020, the IASB issued “**Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current**” and on 31 October 2022, the IASB issued “**Amendments to IAS 1 Presentation of Financial Statements: Non-Current Liabilities with Covenants**”. The objective of the amendments is to provide clarity on how payables and other short-term or long-term liabilities are to be classified. The amendments are effective from 1 January 2024, 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 22 September 2022, the IASB issued “**Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback**”. The document requires a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right-of-use it retains. The amendments will be effective for annual reporting periods beginning on or after 1 January 2024, with early application 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 30 January 2014 the IASB published **IFRS 14 – Regulatory Deferral Accounts**, which permits an entity, which is a first-time adopter of International Financial Reporting Standards, to continue to account for amounts relating to rate-regulated activities in accordance with its previous GAAP. Given that the Group is not a first-time adopter, this standard is not applicable.

□ □ □

## Notes to the consolidated financial statements

(All amounts are expressed in thousands of euro, unless otherwise indicated)

### 1. TOTAL REVENUE

Total revenue for the year end 31 December 2022 amounts to € 568.2 million, and is comprised of Revenue of € 563.5 million and Other Revenue of € 4.7 million. Total revenue for the year ended 31 December 2021 was € 410.9 million.

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

Euro Millions			
		31 Dec 2022	31 Dec 2021
	Over time	466.1	335.3
	Point in time	97.4	72.1
	<b>REVENUE</b>	<b>563.5</b>	<b>407.5</b>

Lastly, it should be noted that there is no concentration of revenue with any specific customer, given the notable segmentation of Group sales which, in the year ended 31 December 2022, were almost exclusively realised in Italy.

### 2. OPERATING SEGMENTS

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

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

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

Euro Millions								
31 Dec 2022								
OPERATING SEGMENTS	DIF	ENT	PROF	HR	MSS	MICRO	TOTAL	
TOTAL REVENUE	18.0	131.3	165.1	23.3	111.5	119.0	568.2	
FIRST MARGIN	6.8	63.7	88.3	5.4	31.4	72.2	267.7	
							1	
INDIRECT COSTS							(67.6)	2
CAPITALISED DEVELOPMENT COSTS - PERSONNEL AND SERVICES							17.2	3
ADJUSTED EBITDA							227.3	= 1 + 2 + 3

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

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

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 to those adopted by other companies or groups.

Details of the reconciliation of Adjusted EBITDA and Profit/(Loss) for the year are provided below:

Euro Thousand

	31 Dec 2022	STATUTORY 31 Dec 2021	PRO-FORMA 31 Dec 2022
<b>PROFIT (LOSS) FOR THE YEAR</b>	(146,538)	(64,006)	(91,530)
Income tax	(14,955)	(65,250)	(18,265)
Financial income and expenses	80,320	104,446	88,362
Other provisions for risks and charges	2,413	79	233
Depreciation and amortization of non current assets	208,358	170,478	202,645
Impairment of non current assets	78,109		
Allowance for bad debts	5,489	3,765	5,045
Advisory expenses related to reorganization and cost saving projects	3,075	7,083	7,909
Personnel redundancy	1,588	1,386	1,438
Acquisitions and mergers costs	5,578	9,993	1,483
Settlements with clients and agents	3,527	2,152	2,295
Other cost - (income)	320	(33)	84
<b>ADJUSTED EBITDA</b>	<b>227,282</b>	<b>170,093</b>	<b>199,697</b>

### 3. COST OF RAW AND OTHER MATERIALS

	31 Dic 2022	31 Dic 2021	Change	% Change
Hardware purchases	11,771	7,728	4,043	52.3%
Third party' software	34,189	25,849	8,340	32.3%
Materials for education	99	12	87	n.s.
Fuel	2,135	1,259	876	69.6%
Other materials	3,560	832	2,729	n.s.
Change in inventory of raw materials	(345)	477	(822)	n.s.
<b>Total</b>	<b>51,410</b>	<b>36,157</b>	<b>15,253</b>	<b>42.2%</b>

The cost of raw and other materials for the year ended 31 December 2022 came to € 51,410 thousand (€ 36,157 thousand for the year ended 31 December 2021). This mainly relates to the cost of sales of hardware and third party software.

#### 4. COST OF SERVICES

	31 Dic 2022	31 Dic 2021	Change	% Change
Agent commissions and other costs	17,311	12,636	4,675	37.0%
Consulting and third parties services	19,679	11,752	7,927	67.4%
Software and Hardware maintenance costs	30,941	20,746	10,196	49.1%
Customer support service costs	6,739	5,430	1,309	24.1%
Administrative and management consulting costs	5,180	4,195	986	23.5%
Financial interest costs	3,224	1,828	1,396	76.4%
Education - consulting and copyrights	2,214	1,818	397	21.8%
Magazines - consulting and copyrights	1,390	1,374	16	1.1%
Other costs for education services	294	198	95	48.0%
Advertising and marketing	20,375	13,056	7,320	56.1%
Car rentals	3,566	2,429	1,138	46.8%
Rebate costs	4,662	3,887	775	19.9%
Utilities	4,288	3,225	1,063	32.9%
Costs for services - Non core	12,546	17,097	(4,552)	-26.6%
Other service expenses	12,547	8,146	4,400	54.0%
<b>Cost of services - Gross of capitalization</b>	<b>144,956</b>	<b>107,816</b>	<b>37,140</b>	<b>34.4%</b>
Services capitalised development costs	(5,217)	(3,161)	(2,056)	65.1%
<b>Total</b>	<b>139,739</b>	<b>104,655</b>	<b>35,084</b>	<b>33.5%</b>

Cost of services totalled € 139,739 thousand for the year ended 31 December 2022, net of an amount capitalised in the year pertaining to software projects of € 5,217 thousand, details of which are provided in Note 12 on Intangible assets.

The main components are the following:

- Agent commissions and other costs (€ 17,311 thousand) relating to compensation payable to agents, an allocation to the provision for agents' indemnity and other costs attributable to commercial consulting services.
- Consulting and third party services (€ 19,679 thousand) mainly relating to delivery activities and on-site customer support.
- Hardware and Software maintenance costs (€ 30,941 thousand) relating to periodic fees for support services and subscriptions for third party products.
- Customer support service costs (€ 6,739 thousand), relating to customer assistances costs.
- Advertising and marketing costs (amounting to € 20,375 thousand), relating to costs incurred for the organisation of events and for the major print and TV advertising campaign carried out during the year.
- Cost of non-core services amount to € 12,546 thousand. The main items included in this category include aquisition and merger costs (amounting to € 5,578 thousand) related to M&A transactions completed in 2022 and costs for strategic and reorganisation projects (amounting to € 3,075 thousand) mainly referring to advisory costs related to reorganisation and cost saving projects.

As regards the capitalisation of cost of services recognised in 2022 (€ 5,217 thousand) reference should be made to Note 12 on Intangible assets.

## 5. PERSONNEL COSTS

	31 Dic 2022	31 Dic 2021	Change	% Change
Wages, salaries and social contributions	154,370	114,071	40,299	35.3%
Staff leaving indemnities	8,023	5,788	2,235	38.6%
Other personnel costs	3,034	1,044	1,990	n.s.
Personnel costs for redundancy and reorganizations	1,588	1,389	199	14.3%
<b>Employees costs</b>	<b>167,014</b>	<b>122,291</b>	<b>44,724</b>	<b>36.6%</b>
Freelancers and collaborators fees	329	227	102	45.1%
Directors' fees and related costs	4,555	3,440	1,115	32.4%
<b>Directors and Collaborators</b>	<b>4,883</b>	<b>3,666</b>	<b>1,217</b>	<b>33.2%</b>
<b>Personnel - Gross of capitalization</b>	<b>171,898</b>	<b>125,957</b>	<b>45,941</b>	<b>36.47%</b>
Personnel capitalised development costs	(11,946)	(9,940)	(2,006)	20.2%
<b>Total</b>	<b>159,952</b>	<b>116,017</b>	<b>43,935</b>	<b>37.9%</b>

Personnel costs came to € 159,952 thousand for the year ended 31 December 2022.

Total non-core personnel restructuring costs amounted to € 1,588 thousand at 31 December 2022.

As regards the capitalisation of personnel costs recognised in 2022 (€ 11,946 thousand) reference should be made to Note 12 on Intangible assets.

The following table provides details of employee numbers at 31 December 2022 and the average number of employees in the 2021 financial year.

	Average 2022	Average 2021	Change	31 Dec 2022	31 Dec 2021	Change
Managers	84	81	3	88	79	9
Middle managers / white collars	2,937	2,556	381	3,168	2,706	462
<b>Total</b>	<b>3,021</b>	<b>2,637</b>	<b>384</b>	<b>3,256</b>	<b>2,785</b>	<b>471</b>

## 6. OTHER OPERATING COSTS

	31 Dic 2022	31 Dic 2021	Change	% Change
Condominium expenses and other rents	1,403	1,068	335	31.4%
Rentals	375	255	120	47.1%
Other expenses for use of third parties assets	146	122	23	18.9%
Other taxes	692	455	237	52.1%
Losses from assets disposals	119	40	79	n.s.
Other expenses	1,148	2,601	(1,453)	-55.9%
<b>Total</b>	<b>3,882</b>	<b>4,541</b>	<b>(659)</b>	<b>-14.5%</b>

Other operating costs came to € 3,882 thousand for the year ended 31 December 2022.



## 7. FINANCE INCOME

	31 Dic 2022	31 Dic 2021	Change	% Change
Interest and other finance income	171	226	(55)	-24.2%
Gains on foreign exchange	25	5	20	n.s.
Interest from cash pooling and other loans	6	5	1	18.7%
Interest from banks	13	0	13	n.s.
Depreciation - liabilities to non controlling shareholders of subs	12,603	4,984	7,619	n.s.
Gain on valuation of derivative instruments	31,233		31,233	
Dividends		494	(494)	-100.0%
<b>Total</b>	<b>44,051</b>	<b>5,714</b>	<b>38,337</b>	<b>n.s.</b>

Finance income came to € 44,051 thousand for the year ended 31 December 2022 and was mainly attributable to the remeasurement of the fair value of the liability to non-controlling shareholders of subsidiaries, as well as the valuation at market value on 31 December 2022 of interest rate swap derivative contracts entered into by the Group during 2022 and classified as non-hedge accounting.

## 8. FINANCE COSTS

	31 Dic 2022	31 Dic 2021	Change	% Change
Interest on bank overdrafts and loans	1,357	1,024	332	32.4%
Interest on Notes	73,437	58,641	14,797	25.2%
Interest on other loans	1	(0)	1	n.s.
Interest on financing fees	8,156	14,361	(6,205)	-43.2%
Revaluation - liabilities to non controlling shareholders of subs	34,016	30,022	3,994	13.3%
Bank commissions	3,456	2,534	922	36.4%
Interest on actuarial valuation of employee benefits	342	253	88	34.9%
Interest on lease contracts - IFRS 16	406	697	(291)	-41.8%
Other IFRS financial charges	2,762	2,127	634	29.8%
Interest on cash pooling and other loans	(0)	13	(13)	n.s.
Other financial charges	269	316	(47)	-14.8%
Losses on foreign exchange	61	20	41	n.s.
Write-downs of financial assets	153	210	(58)	-27.5%
<b>Total</b>	<b>124,415</b>	<b>110,219</b>	<b>14,195</b>	<b>12.9%</b>

Finance costs for the year ended 31 December 2022 came to € 124,415 thousand. The main components are the following:

- Interest on Notes (€ 73,437 thousand), includes interest on the **2028 Notes** and the **2029 PIYW PIK Toggle Notes**;
- Interest on financing fees (€ 8,156 thousand) includes finance costs relating to the financing fees on the **2028 Notes** and the **2029 PIYW PIK Toggle Notes**, as well as finance costs relating to the **New RCF** line of credit;
- Revaluation of contingent liabilities to minority shareholders (€ 34,016 thousand) arising from a change in the fair value thereof due to the remeasurement of the initial exercise price of the put/call option agreements and/or earn-outs;
- Other IFRS financial charges (€ 2,762 thousand), which represent the finance costs recognised by the Group on having discounted the liability to non-controlling shareholders of subsidiaries based on the new discount rate for the period.

## 9. TOTAL INCOME TAX

### Current tax

Current tax for 2022 amounted to € 23,600 thousand and mainly consisted of the balances of corporate income taxes IRES and IRAP, as TeamSystem Group carries out almost all its operations in Italy.

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

Current tax for the 2022 financial year is also impacted by the effects of the Patent Box taxation regime, calculated with reference to:

- TeamSystem S.p.A. for the 2021 tax year for which the qualifying asset is software.
- Madbit for the 2022 tax year for which the qualifying asset is software.

In addition, the ACE deduction (Aid for Economic Growth), accruing to TeamSystem S.p.A. for 2022, was calculated considering the ruling issued on 25 January 2023 and the calculation basis of the ACE as formulated in the ruling itself.

### **Deferred taxes**

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

### **Reconciliation theoretical Tax charge and actual Tax charge**

The following table provides a reconciliation of the theoretical tax charge with the actual tax charge for the 2022 financial statements.

Euro million	
31 Dec 2022	
<b>PROFIT (LOSS) BEFORE INCOME TAXES</b>	(161.5)
Corporate income tax applicable tax rate - IRES	24%
<b>Figurative Income tax - IRES</b>	<b>(38.8)</b>
<b>PROFIT (LOSS) BEFORE INCOME TAXES</b>	(161.5)
Non deductible Depreciation and Amortization	8.0
Impairment of non current assets	78.1
Non deductible net interests	45.2
Patent box	(11.6)
ACE	(21.9)
Other item	8.3
<b>IRES tax base</b>	<b>(55.5)</b>
<b>Actual income tax - IRES</b>	<b>(13.3)</b> (A)
<b>Actual Corporate income tax rate - IRES</b>	<b>8.2%</b>
IRAP and other	(1.7) (B)
<b>TOTAL INCOME TAX</b>	<b>(15.0)</b> =(A)+ (B)

## **10. CONSOLIDATED STATEMENT OF CASH FLOWS**

As regards the more significant components of the statement of cash flows, a description is provided below of the main factors impacting the Group's cash flow in the course of 2022:

**Liabilities to non-controlling shareholders of subsidiaries** = the liabilities to non-controlling shareholders of subsidiaries paid in 2022 amounts to € 45,759 thousand and relates to the acquisition of a further interest in MBM, and the payment of earn-outs - deferred consideration primarily relating to investments in Software del Sol, Modefinance, Logical Soft, IT Review and Progetto Studio. (see also Note 18).

**Finance costs/income paid/received and change in Financial Assets/Liabilities** = the amount of € 33,187 thousand at 31 December 2022 is primarily related to the following:

- € 61,312 thousand relating to interest paid on the **2028 Notes** and the **2029 PIYW PIK Toggle Notes**;
- € 8,250 thousand refers to the total amount of payments made in 2022 in relation to lease agreements subject to IFRS 16 consisting of principal (€ 6,807 thousand) and interest (€ 1,443 thousand);
- € 75 million related to the repayment on the **New RCF** line of credit;
- the cash-in of € 185 million refers to the issue of the **2028 Private Notes**, for which € 6,420 thousand in Financing Fees were paid in 2022.

**Acquisition of investments** = the amount of € 42,716 thousand relates mainly to the cash paid (net of cash acquired at the acquisition date) for the acquisitions of equity investments in the following companies: Store den, IT Review, Cia o manager, Teamsyver, CZ Informatica, Progetto Studio, Algoritmi, SIA.

## 11. TANGIBLE FIXED ASSETS

NET BOOK VALUE		Restated 31 Dec 2021	Change in cons. area	Additions	Other movements and disposals	(Depreciation)	31 Dec 2022
Land		685			(47)		638
Buildings		2,920			(180)	(294)	2,446
Plant and machinery		3,099		75	(47)	(982)	2,145
Equipment		1,131		211	6	(372)	977
Other assets		7,943	207	5,330		(3,484)	9,997
Tangible assets under construction		0					0
<b>Total</b>		<b>15,779</b>	<b>207</b>	<b>5,617</b>	<b>(268)</b>	<b>(5,132)</b>	<b>16,203</b>

Tangible fixed assets amount to € 16,203 thousand at 31 December 2022, a net increase of € 424 thousand compared to 31 December 2021 due to the net effect of:

- Additions and Changes in the scope of consolidation totalling € 5,824 thousand;
- Depreciation of € 5,132 thousand;
- Other movements and disposals of € 268 thousand;

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

## 12. INTANGIBLE ASSETS

NET BOOK VALUE		Restated 31 Dec 2021	Change in cons. area	Additions	Other movements and disposals	Capitalization	(Amortization)	(Write-downs)	31 Dec 2022
Capitalized development costs		17,375			(378)	17,163	(7,823)		26,337
Brand IFRS		277,708					(15,679)		262,029
Software IFRS		279,690	1,939		(64)		(70,871)		210,694
Customer relationship IFRS		840,314					(83,084)		757,230
Other IFRS assets		34,483					(3,764)		30,719
<b>Asset IFRS</b>		<b>1,432,196</b>	<b>1,939</b>		<b>(64)</b>		<b>(173,398)</b>		<b>1,260,673</b>
Software, trademarks, patents		25,221	320	11,645	449		(12,615)		25,020
Other intangible assets		2,483		1,838	215		(1,847)	(104)	2,585
Intangible assets under construction		301		1	127				429
<b>Other intangible assets</b>		<b>28,004</b>	<b>320</b>	<b>13,485</b>	<b>791</b>		<b>(14,462)</b>	<b>(104)</b>	<b>28,034</b>
<b>Total</b>		<b>1,477,575</b>	<b>2,259</b>	<b>13,485</b>	<b>349</b>	<b>17,163</b>	<b>(195,683)</b>	<b>(104)</b>	<b>1,315,044</b>

Intangible assets amount to € 1,315,044 thousand at 31 December 2022 (€ 1,477,575 at 31 December 2021), a net decrease of € 162,531 thousand with respect to 31 December 2021.

As regards capitalised development costs recognised in 2022 of € 17,163 thousand, the main investment components relate to development costs capitalised by the subsidiary TeamSystem S.p.A. in 2022.

## 13. RIGHT-OF-USE

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

NET BOOK VALUE		Restated 31 Dec 2021	Change in cons. area	Additions	Other movements and disposals	(Amortization)	31 Dec 2022
Buildings - Right of use		18,355	310	8,034	(3,454)	(4,465)	18,780
Other assets - Right of use		4,803		2,870	(222)	(3,077)	4,374
<b>Right of use - Total</b>		<b>23,158</b>	<b>310</b>	<b>10,904</b>	<b>(3,676)</b>	<b>(7,542)</b>	<b>23,154</b>
<b>Total</b>		<b>23,158</b>	<b>310</b>	<b>10,904</b>	<b>(3,676)</b>	<b>(7,542)</b>	<b>23,154</b>

Right-of-use assets amount to € 23,154 thousand at 31 December 2022.

Assets held under lease consist of:

- Buildings of € 18,780 thousand, relating to the operational premises of the Group companies and corporate accommodation used by certain Group employees, the total balance of which increased by € 425 thousand at 31 December 2021 with respect to 31 December 2020 (€ 18,355 thousand) due to the combined effect of changes to the scope of consolidation (€ 310 thousand), depreciation (€ 4,465 thousand), additions (€ 8,034 thousand) and other movements and disposals in the period. The additions for the period mainly relate to the opening of new offices in Padua and Mantua.
- Other assets of € 4,374 thousand relating mainly to company cars, the balance of which is € 3,041 thousand at 31 December 2022.

#### 14. GOODWILL

	Restated 31 Dec 2021	Change in cons. area	Additions	Other movements	(Impairment)	31 Dec 2022
CGU - DIGITAL FINANCE	203,619	333			(78,000)	125,952
CGU - MICRO	540,378	17,523				557,901
CGU - HR	109,680	625				110,305
CGU - PROFESSIONAL	510,316	31,217				541,533
CGU - ENTERPRISE	374,436	18,719				393,155
CGU - MARKET SPECIFIC SOLUTIONS	75,485	860				76,345
<b>Total</b>	<b>1,813,914</b>	<b>69,277</b>			<b>(78,000)</b>	<b>1,805,191</b>

The Goodwill balance of € 1,764,114 thousand relates to the amount recognised from the Acquisition of TeamSystem Group in February 2021 by investment funds managed by the international private equity firm Hellman & Friedman. This Goodwill then increased (in 2021 and 2022) as a result of goodwill arising in connection with other acquisitions of subsidiaries. Goodwill consists of the excess consideration paid for the above acquisitions, over the fair value of the assets acquired and the liabilities assumed and has been allocated to the CGUs identified by the Group.

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

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

The increase in goodwill of € 69,277 thousand in 2022 refers to the companies acquired by the Group during the year as detailed below:

- Teamsyver, € 6,134 thousand.
- CZ Informatica, € 5,592 thousand.
- Progetto Software, € 5,520 thousand.
- SIA, € 6,849 thousand.
- Algoritmi, € 8,718 thousand.
- TeamSystem 10, € 2,746 thousand.
- IT Review, € 7,088 thousand.
- Storeden, € 14,338 thousand.
- Ciaomanager, € 1,573 thousand.
- Sistemi Gestionali, Sedas, S.I. Global, Team Ufficio (later contributed to TeamSystem 8), € 10,719 thousand.

The purchase price allocation for the acquisition of TeamSystem 10, Storeden, IT Review, Sistemi Gestionali, Sedas, S.I. Global, Team Ufficio (later contributed to TeamSystem 8), is final, while for the other companies

acquired in 2022, it still provisional. Reference should, however, be made to the relevant "**Provisional allocation of goodwill - companies acquired in 2022**" section for further details.

**► Impairment Test – Goodwill 31 December 2022**

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

Regarding the impairment test, steps have been taken to determine the recoverable amount (enterprise value) of each CGU of TeamSystem Group as a whole that had been identified by Management as the lowest level to which goodwill is allocated for internal management purposes, by means of the application of discounted cash flow methodology. The test was performed by discounting prospective cash flows for 2023-2027 based on amounts included in the Group Business Plan approved by the Board of Directors of TeamSystem S.p.A on 20 March 2023.

A terminal value was determined beyond the explicit forecast horizon based on operating cash flows (net operating profit less adjusted taxes - NOPLAT) appropriately normalised to reflect normal business operations. In the choice of the growth rate to apply to NOPLAT, it was established that, consistent with the growth envisaged in the Business Plan and with historical growth rates, there was a reasonable expectation of growth of 2.0% ("g rate").

In addition to the assumed g rate, the main assumptions adopted regarded an estimate of the post-tax weighted average cost of capital ("WACC") of 8.9% (Enterprise CGU, Professional CGU, Market Specific Solutions CGU, Micro CGU, and HR CGU) and 9.1% (Digital Finance CGU).

The impairment tests performed required a writedown of € 78 million recorded in line item Impairment of non current assets of the consolidated financial statements for the year ended 31 December 2022, which was entirely related to the Digital Finance CGU;

The impairment loss recognised arose initially from the higher interest rates seen in 2022, which were used to perform the test as at 31 December 2022. These rates were higher than in the previous year and were consistent with the trends in the financial markets. In some cases, this circumstance reduced the cover attributed to the Group's various CGUs compared to the previous year's figures, with a major effect for the Digital Finance CGU, which had already appeared in the sensitivity analysis performed on the financial statements at 31 December 2021. The new plans approved by the Directors, while still anticipating significant growth for the Digital Finance CGU which is expected to expand, have introduced some prudent adjustments to reflect the uncertainty in the markets and the characteristics of the CGU's core business, which is still relatively new for the TeamSystem Group.

The test did not result in the recognition of impairment losses for the remaining CGUs.

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

<b>CGU - DIGITAL FINANCE</b>						
<b>Cover Impairment Sensitivity</b>		<b>WACC</b>				
<b>Euro million</b>		<b>8.1%</b>	<b>8.6%</b>	<b>9.1%</b>	<b>9.6%</b>	<b>10.1%</b>
	<b>1.0%</b>	(71.7)	(86.7)	(99.7)	(111.3)	(121.5)
	<b>1.5%</b>	(58.0)	(74.9)	(89.6)	(102.4)	(113.8)
<b>G RATE</b>	<b>2.0%</b>	(41.9)	(61.3)	<b>(78.0)</b>	(92.4)	(105.1)
	<b>2.5%</b>	(23.1)	(45.6)	(64.7)	(81.0)	(95.2)
	<b>3.0%</b>	(0.5)	(27.0)	(49.1)	(67.9)	(84.0)

<b>CGU - MICRO</b>						
<b>Cover Impairment Sensitivity</b>		<b>WACC</b>				
<b>Euro million</b>		<b>7.9%</b>	<b>8.4%</b>	<b>8.9%</b>	<b>9.4%</b>	<b>9.9%</b>
	<b>1.0%</b>	748.3	643.6	552.2	471.8	400.6
	<b>1.5%</b>	845.5	726.1	623.1	533.3	454.3
<b>G RATE</b>	<b>2.0%</b>	959.2	821.7	<b>704.4</b>	603.1	514.7
	<b>2.5%</b>	1,094.1	933.6	798.4	683.0	583.4
	<b>3.0%</b>	1,256.8	1,066.3	908.5	775.6	662.1

<b>CGU - HR</b>						
<b>Cover Impairment Sensitivity</b>			<b>WACC</b>			
<b>Euro million</b>		<b>7.9%</b>	<b>8.4%</b>	<b>8.9%</b>	<b>9.4%</b>	<b>9.9%</b>
	<b>1.0%</b>	27.0	13.3	1.3	(9.2)	(18.4)
	<b>1.5%</b>	39.7	24.1	10.6	(1.1)	(11.4)
<b>G RATE</b>	<b>2.0%</b>	54.6	36.6	<b>21.3</b>	8.1	(3.5)
	<b>2.5%</b>	72.3	51.3	33.6	18.5	5.5
	<b>3.0%</b>	93.6	68.7	48.0	30.7	15.8

<b>CGU - PROFESSIONAL</b>						
<b>Cover Impairment Sensitivity</b>			<b>WACC</b>			
<b>Euro million</b>		<b>7.9%</b>	<b>8.4%</b>	<b>8.9%</b>	<b>9.4%</b>	<b>9.9%</b>
	<b>1.0%</b>	322.2	242.7	173.3	112.3	58.2
	<b>1.5%</b>	395.6	305.1	226.9	158.8	98.8
<b>G RATE</b>	<b>2.0%</b>	481.5	377.3	<b>288.4</b>	211.5	144.5
	<b>2.5%</b>	583.5	461.9	359.4	272.0	196.4
	<b>3.0%</b>	706.5	562.2	442.6	341.9	255.9

<b>CGU - ENTERPRISE</b>						
<b>Cover Impairment Sensitivity</b>			<b>WACC</b>			
<b>Euro million</b>		<b>7.9%</b>	<b>8.4%</b>	<b>8.9%</b>	<b>9.4%</b>	<b>9.9%</b>
	<b>1.0%</b>	139.7	86.2	39.6	(1.3)	(37.6)
	<b>1.5%</b>	189.2	128.4	75.8	30.0	(10.3)
<b>G RATE</b>	<b>2.0%</b>	247.3	177.1	<b>117.3</b>	65.6	20.6
	<b>2.5%</b>	316.1	234.2	165.3	106.4	55.6
	<b>3.0%</b>	399.1	301.9	221.4	153.6	95.8

<b>CGU - MARKET SPECIFIC SOLUTIONS</b>						
<b>Cover Impairment Sensitivity</b>			<b>WACC</b>			
<b>Euro million</b>		<b>7.9%</b>	<b>8.4%</b>	<b>8.9%</b>	<b>9.4%</b>	<b>9.9%</b>
	<b>1.0%</b>	104.8	80.1	58.7	39.8	23.1
	<b>1.5%</b>	127.6	99.6	75.4	54.3	35.8
<b>G RATE</b>	<b>2.0%</b>	154.4	122.1	<b>94.5</b>	70.7	50.0
	<b>2.5%</b>	186.1	148.4	116.7	89.6	66.2
	<b>3.0%</b>	224.4	179.6	142.6	111.3	84.7

The impairment test models, as well as the financial data contained therein and the related results, were approved by the Board of Directors of TeamSystem Holdco S.p.A. on 20 March 2023, in accordance with the guidelines contained in joint document No. 4 of March 2010 issued by ISVAP, Bank of Italy and Consob.

Given the uncertain scenario, the development and effects of which continue to be unpredictable, the estimates used by Management to prepare the impairment test at 31 December 2022 (such as, for example, those relating to expected cash flows, discount rates applied, the "g rate" growth rate used, etc.) could be affected, given the climate of uncertainty and the constantly changing scenario, also because of the ongoing international crisis caused by the armed conflict between Russia and Ukraine.

In any case, we reiterate that the Directors continue to constantly monitor the situation, to identify possible effects, including accounting effects, that may arise from a continuation of the ongoing international crisis.

## **15. ALLOCATION OF GOODWILL - RESTATEMENT OF 2021 GOODWILL and COMPANIES ACQUIRED IN 2022**

### **► Restatement of 2021 Goodwill – LOGICALSOFT, PROGETTO STUDIO, AND DATA CONSULT**

In 2022, the purchase price allocation processes were finalised for the acquisitions completed in 2021 of the following companies: Progetto Studio, Data Consult, Logical Soft.

As a result of the finalization of the purchase price allocation of the aforementioned companies, total goodwill decreased of € 19,196 thousand, from € 1,833,110 thousand (December 31, 2021) to € 1,813,914 thousand (December 31, 2021 restated).

In particular, the effect on individual companies is as follows:

- Progetto Studio: reduction of € 15,930 thousand;
- Data Consult: reduction of € 1,081 thousand;
- Logical Soft: reduction of € 2,185 thousand.

The final goodwill values relating to these acquisitions are set out below.

**Progetto Studio S.r.l. (and its subsidiaries and associate companies)**

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

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

Both companies are resellers of TeamSystem software.

The purchase price allocation recognised for the acquisition of Progetto Studio (and its subsidiary and associated companies), considered provisional at the time the consolidated financial statements for the year ended 31 December 2021 were approved, was finalised in 2022.

<b>Euro thousands</b>		
<b>STATEMENT OF FINANCIAL POSITION</b>		
<b>PROGETTO STUDIO</b>		
<b>ASSETS</b>	<b>PPA final adjustments</b>	<b>NOTES</b>
Tangible assets	283	
Intangible assets	25,755	
Right of use	1,480	
Investments in associates	25	
Deferred tax assets	137	
<b>TOTAL NON CURRENT ASSETS</b>	<b>27,679</b>	
Inventories	256	
Trade receivables	4,360	
Tax receivables	599	
Other receivables - current	1,171	
Other financial assets - current	2,380	
Cash and bank balances	3,042	
<b>TOTAL CURRENT ASSETS</b>	<b>11,809</b>	
<b>TOTAL ASSETS</b>	<b>39,488</b>	<b>A</b>

Euro thousands

STATEMENT OF FINANCIAL POSITION		
PROGETTO STUDIO		
LIABILITIES	PPA final adjustments	NOTES
<b>TOTAL EQUITY</b>	<b>13,707</b>	
Financial liabilities with banks and other institutions - non current	1,480	
Staff leaving indemnity	2,457	
Provisions for risks and charges	457	
Deferred tax liabilities	7,186	
<b>TOTAL NON CURRENT LIABILITIES</b>	<b>11,581</b>	
Shareholders' Loan - current	5,298	
Financial liabilities with banks and other institutions - current	1,601	
Other financial liabilities - current	1,257	
Trade payables	2,779	
Tax liabilities - current	(7)	
Other liabilities - current	3,272	
<b>TOTAL CURRENT LIABILITIES</b>	<b>14,200</b>	
<b>TOTAL LIABILITIES</b>	<b>25,781</b>	<b>B</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>39,488</b>	
<b>Fair Value of acquired net assets</b>	<b>13,707</b>	<b>C = A - B</b>
<b>Cost of the investment</b>	<b>26,877</b>	<b>D</b>
<b>Final Goodwill IFRS 3</b>	<b>13,170</b>	<b>E = D - C</b>

Details of the main changes in the final allocation of the goodwill of Progetto Studio compared to the provisional allocation made in the financial statements as of 31 December 2021 are provided below.

Euro thousands

STATEMENT OF FINANCIAL POSITION			
PROGETTO STUDIO			
ASSETS	PPA provisional adjustments	Changes	PPA final adjustments
Tangible assets	291	(8)	283
Intangible assets	72	25,682	25,755
Right of use	0	1,480	1,480
Investments in associates	25	0	25
Deferred tax assets	87	50	137
<b>TOTAL NON CURRENT ASSETS</b>	<b>475</b>	<b>27,205</b>	<b>27,679</b>
Inventories	283	(27)	256
Trade receivables	4,138	222	4,360
Tax receivables	1,651	(1,052)	599
Other receivables - current	1,201	(29)	1,171
Other financial assets - current	2,413	(33)	2,380
Cash and bank balances	3,043	(1)	3,042
<b>TOTAL CURRENT ASSETS</b>	<b>12,728</b>	<b>(919)</b>	<b>11,809</b>
<b>TOTAL ASSETS</b>	<b>13,203</b>	<b>26,285</b>	<b>39,488</b>



Euro thousands			
STATEMENT OF FINANCIAL POSITION			
PROGETTO STUDIO			
LIABILITIES	PPA provisional adjustments	Changes	PPA final adjustments
<b>TOTAL EQUITY</b>	(2,223)	15,930	13,707
Financial liabilities with banks and other institutions - non current	0	1,480	1,480
Other financial liabilities - non current	959	(959)	0
Staff leaving indemnity	2,451	6	2,457
Provisions for risks and charges	359	98	457
Deferred tax liabilities	7	7,180	7,186
<b>TOTAL NON CURRENT LIABILITIES</b>	<b>3,775</b>	<b>7,806</b>	<b>11,581</b>
Shareholders' Loan - current	5,298	0	5,298
Financial liabilities with banks and other institutions - current	1,560	41	1,601
Other financial liabilities - current	297	960	1,257
Trade payables	2,377	403	2,779
Tax liabilities - current	11	(18)	(7)
Other liabilities - current	2,108	1,164	3,272
<b>TOTAL CURRENT LIABILITIES</b>	<b>11,651</b>	<b>2,549</b>	<b>14,200</b>
<b>TOTAL LIABILITIES</b>	<b>15,426</b>	<b>10,355</b>	<b>25,781</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>13,203</b>	<b>26,285</b>	<b>39,488</b>

### **Data Consult S.r.l.**

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

The purchase price allocation recognised for the acquisition of Data Consult (and its associated company), considered provisional at the time the consolidated financial statements for the year ended 31 December 2021 were approved, was finalised in 2022.

Euro thousands		
STATEMENT OF FINANCIAL POSITION		
DATA CONSULT		
ASSETS	PPA final adjustments	NOTES
Tangible assets	77	
Intangible assets	4,376	
Right of use	443	
Deferred tax assets	8	
<b>TOTAL NON CURRENT ASSETS</b>	<b>4,904</b>	
Inventories	22	
Trade receivables	608	
Tax receivables	136	
Other receivables - current	33	
Cash and bank balances	1,946	
<b>TOTAL CURRENT ASSETS</b>	<b>2,745</b>	
<b>TOTAL ASSETS</b>	<b>7,649</b>	<b>A</b>

Euro thousands

STATEMENT OF FINANCIAL POSITION DATA CONSULT		
LIABILITIES	PPA final adjustments	NOTES
<b>TOTAL EQUITY</b>	<b>3,809</b>	
Financial liabilities with banks and other institutions - non current	443	
Staff leaving indemnity	1,174	
Provisions for risks and charges	133	
Deferred tax liabilities	1,220	
<b>TOTAL NON CURRENT LIABILITIES</b>	<b>2,969</b>	
Trade payables	196	
Tax liabilities - current	(18)	
Other liabilities - current	692	
<b>TOTAL CURRENT LIABILITIES</b>	<b>870</b>	
<b>TOTAL LIABILITIES</b>	<b>3,840</b>	<b>B</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>7,649</b>	
<b>Fair Value of acquired net assets</b>	<b>3,809</b>	<b>C = A - B</b>
<b>Cost of the investment</b>	<b>11,816</b>	<b>D</b>
<b>Final Goodwill IFRS 3</b>	<b>8,007</b>	<b>E = D - C</b>

Details of the main changes in the final allocation of the goodwill of Data Consult compared to the provisional allocation made in the financial statements as of 31 December 2021 are provided below.

Euro thousands

STATEMENT OF FINANCIAL POSITION DATA CONSULT			
ASSETS	PPA provisional adjustments	Changes	PPA final adjustments
Tangible assets	72	5	77
Intangible assets	1	4,375	4,376
Right of use	0	443	443
Deferred tax assets	1	7	8
<b>TOTAL NON CURRENT ASSETS</b>	<b>74</b>	<b>4,830</b>	<b>4,904</b>
Inventories	25	(3)	22
Trade receivables	1,282	(674)	608
Tax receivables	102	34	136
Other receivables - current	1,425	(1,392)	33
Cash and bank balances	1,938	8	1,946
<b>TOTAL CURRENT ASSETS</b>	<b>4,772</b>	<b>(2,027)</b>	<b>2,745</b>
<b>TOTAL ASSETS</b>	<b>4,846</b>	<b>2,802</b>	<b>7,649</b>

Euro thousands			
STATEMENT OF FINANCIAL POSITION			
DATA CONSULT			
LIABILITIES	PPA provisional adjustments	Changes	PPA final adjustments
<b>TOTAL EQUITY</b>	<b>2,728</b>	<b>1,081</b>	<b>3,809</b>
Financial liabilities with banks and other institutions - non current	0	443	443
Staff leaving indemnity	1,145	29	1,174
Provisions for risks and charges	235	(102)	133
Deferred tax liabilities	0	1,220	1,220
<b>TOTAL NON CURRENT LIABILITIES</b>	<b>1,380</b>	<b>1,589</b>	<b>2,969</b>
Trade payables	277	(81)	196
Tax liabilities - current	4	(23)	(18)
Other liabilities - current	457	236	692
<b>TOTAL CURRENT LIABILITIES</b>	<b>738</b>	<b>132</b>	<b>870</b>
<b>TOTAL LIABILITIES</b>	<b>2,119</b>	<b>1,721</b>	<b>3,840</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>4,846</b>	<b>2,802</b>	<b>7,649</b>

### Logical Soft S.r.l.

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

The purchase price allocation recognised for the acquisition of Logical Soft S.r.l., considered provisional at the time the consolidated financial statements for the year ended 31 December 2021 were approved, was finalised in 2022.

Euro thousands			
STATEMENT OF FINANCIAL POSITION			
LOGICAL SOFT			
ASSETS	PPA final adjustments	NOTES	
Tangible assets	25		
Intangible assets	3,180		
Right of use	281		
Deferred tax assets	93		
<b>TOTAL NON CURRENT ASSETS</b>	<b>3,577</b>		
Trade receivables	678		
Tax receivables	68		
Other receivables - current	40		
Other financial assets - current	1,800		
Cash and bank balances	1,122		
<b>TOTAL CURRENT ASSETS</b>	<b>3,709</b>		
<b>TOTAL ASSETS</b>	<b>7,286</b>	<b>A</b>	

Euro thousands

<b>STATEMENT OF FINANCIAL POSITION</b>		
<b>LOGICAL SOFT</b>	<b>PPA final adjustments</b>	<b>NOTES</b>
<b>LIABILITIES</b>		
<b>TOTAL EQUITY</b>	<b>4,144</b>	
Financial liabilities with banks and other institutions - non current	281	
Staff leaving indemnity	353	
Deferred tax liabilities	852	
<b>TOTAL NON CURRENT LIABILITIES</b>	<b>1,485</b>	
Trade payables	63	
Tax liabilities - current	278	
Other liabilities - current	1,316	
<b>TOTAL CURRENT LIABILITIES</b>	<b>1,657</b>	
<b>TOTAL LIABILITIES</b>	<b>3,142</b>	<b>B</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>7,286</b>	
Fair Value of acquired net assets	<b>4,144</b>	<b>C = A - B</b>
Cost of the investment	<b>21,071</b>	<b>D</b>
<b>Final Goodwill IFRS 3</b>	<b>16,928</b>	<b>E = D - C</b>

Details of the main changes in the final allocation of the goodwill of Logical Soft compared to the provisional allocation made in the financial statements as of 31 December 2021 are provided below.

<b>SITUAZIONE PATRIMONIALE E FINANZIARIA</b>			
<b>LOGICAL SOFT</b>	<b>PPA rettifiche provvisorie</b>	<b>Variazioni</b>	<b>PPA rettifiche finali</b>
<b>ATTIVITA'</b>			
Immobilizzazioni materiali	25	0	25
Immobilizzazioni immateriali	124	3,056	3,180
Diritti d'uso	281	0	281
Attività per imposte differite	87	6	93
<b>TOTALE ATTIVITA' NON CORRENTI</b>	<b>515</b>	<b>3,062</b>	<b>3,577</b>
Crediti commerciali	703	(25)	678
Crediti tributari	68	0	68
Altri crediti correnti	40	(0)	40
Altre attività finanziarie correnti	1,800	0	1,800
Cassa e disponibilità liquide	1,122	0	1,122
<b>TOTALE ATTIVITA' CORRENTI</b>	<b>3,734</b>	<b>(25)</b>	<b>3,709</b>
<b>TOTALE ATTIVITA'</b>	<b>4,249</b>	<b>3,037</b>	<b>7,286</b>

<b>Euro Migliaia</b>			
<b>SITUAZIONE PATRIMONIALE E FINANZIARIA</b>			
<b>LOGICAL SOFT</b>			
<b>PASSIVITA'</b>	<b>PPA rettifiche provvisorie</b>	<b>Variazioni</b>	<b>PPA rettifiche finali</b>
<b>TOTALE PATRIMONIO NETTO</b>	<b>1,959</b>	<b>2,185</b>	<b>4,144</b>
Debiti finanziari verso banche ed altri finanziatori non correnti	281	0	281
Trattamento di fine rapporto	353	0	353
Passività per imposte differite	0	852	852
<b>Totale Passività Non Correnti</b>	<b>633</b>	<b>852</b>	<b>1,485</b>
Debiti commerciali	63	0	63
Debiti tributari correnti	278	0	278
Altre passività correnti	1,316	0	1,316
<b>Totale Passività Correnti</b>	<b>1,657</b>	<b>0</b>	<b>1,657</b>
<b>TOTALE PASSIVITA'</b>	<b>2,290</b>	<b>852</b>	<b>3,142</b>
<b>TOTALE PATRIMONIO NETTO E PASSIVITA'</b>	<b>4,249</b>	<b>3,037</b>	<b>7,286</b>

□ □ □

### ► **Final allocations in 2022**

#### **TeamSystem 10 S.r.l.**

In February 2022, TeamSystem S.p.A. acquired a 100% interest in TeamSystem 10 S.r.l., a reseller of TeamSystem software for businesses, accountants and consultants.

In 2022, the company reported total revenue of € 1,382 thousand and a profit of € 106 thousand.

The purchase price allocation recognised for the acquisition of TeamSystem 9 was final at the date of preparation of the financial statements for the year ended 31 December 2022 and, therefore, the related goodwill is also considered final.

<b>Euro thousands</b>		
<b>STATEMENT OF FINANCIAL POSITION</b>		
<b>TEAMSYSTEM 10</b>		
<b>ASSETS</b>	<b>PPA final adjustments</b>	<b>NOTES</b>
Tangible assets	4	
<b>TOTAL NON CURRENT ASSETS</b>	<b>4</b>	
Other receivables - current	60	
<b>TOTAL CURRENT ASSETS</b>	<b>60</b>	
<b>TOTAL ASSETS</b>	<b>64</b>	<b>A</b>

Euro thousands

STATEMENT OF FINANCIAL POSITION		
TEAMSYSYSTEM 10		
LIABILITIES	PPA final adjustments	NOTES
<b>TOTAL EQUITY</b>	<b>(670)</b>	
Staff leaving indemnity	109	
<b>TOTAL NON CURRENT LIABILITIES</b>	<b>109</b>	
Other liabilities - current	626	
<b>TOTAL CURRENT LIABILITIES</b>	<b>626</b>	
<b>TOTAL LIABILITIES</b>	<b>734</b>	<b>B</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>64</b>	
Fair Value of acquired net assets	(670)	C = A - B
Cost of the investment	2,076	D
<b>Final Goodwill IFRS 3</b>	<b>2,746</b>	<b>E = D - C</b>

### Storeden S.r.l

In January 2022, TeamSystem S.p.A. acquired a 100% controlling interest in Storeden S.r.l., a company that develops and sells e-commerce software.

In 2022, the company reported total revenue of € 1,362 thousand and net profit of € 579 thousand.

The purchase price allocation recognised for the acquisition of Storeden S.r.l was final at the date of preparation of the financial statements for the year ended 31 December 2022, and therefore, the related goodwill is also final.

Euro thousands

STATEMENT OF FINANCIAL POSITION		
STOREDEN		
ASSETS	PPA final adjustments	NOTES
Tangible assets	35	
Intangible assets	1,435	
Right of use	256	
<b>TOTAL NON CURRENT ASSETS</b>	<b>1,726</b>	
Trade receivables	56	
Other receivables - current	13	
<b>TOTAL CURRENT ASSETS</b>	<b>69</b>	
<b>TOTAL ASSETS</b>	<b>1,795</b>	<b>A</b>

Euro thousands

<b>STATEMENT OF FINANCIAL POSITION</b>		
<b>STOREDEN</b>		
<b>LIABILITIES</b>	<b>PPA final adjustments</b>	<b>NOTES</b>
<b>TOTAL EQUITY</b>	<b>1,074</b>	
Staff leaving indemnity	8	
Deferred tax liabilities	390	
<b>TOTAL NON CURRENT LIABILITIES</b>	<b>398</b>	
Financial liabilities with banks and other institutions - current	256	
Other liabilities - current	68	
<b>TOTAL CURRENT LIABILITIES</b>	<b>324</b>	
<b>TOTAL LIABILITIES</b>	<b>722</b>	<b>B</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,795</b>	
<b>Fair Value of acquired net assets</b>	<b>1,074</b>	<b>C = A - B</b>
<b>Cost of the investment</b>	<b>15,411</b>	<b>D</b>
<b>Final Goodwill IFRS 3</b>	<b>14,338</b>	<b>E = D - C</b>

### IT Review S.r.l.

In April 2022, TeamSystem S.p.A. acquired a controlling interest (100%) in ITReview S.r.l, a company that develops business intelligence solutions.

In 2022, the company reported total revenue of € 2,232 thousand and a profit of € 161 thousand.

The purchase price allocation recognised for the acquisition of ITReview S.r.l was final at the date of preparation of the financial statements for the year ended 31 December 2022, and therefore, the related goodwill is also final.

Euro thousands

<b>STATEMENT OF FINANCIAL POSITION</b>		
<b>ITREVIEW</b>		
<b>ASSETS</b>	<b>PPA final adjustments</b>	<b>NOTES</b>
Tangible assets	19	
Intangible assets	1	
Right of use	53	
<b>TOTAL NON CURRENT ASSETS</b>	<b>73</b>	
Trade receivables	656	
Other receivables - current	57	
Cash and bank balances	818	
<b>TOTAL CURRENT ASSETS</b>	<b>1,531</b>	
<b>TOTAL ASSETS</b>	<b>1,603</b>	<b>A</b>

Euro thousands

STATEMENT OF FINANCIAL POSITION		
ITREVIEW	PPA final adjustments	NOTES
LIABILITIES		
<b>TOTAL EQUITY</b>	<b>852</b>	
Staff leaving indemnity	97	
Provisions for risks and charges	15	
<b>TOTAL NON CURRENT LIABILITIES</b>	<b>112</b>	
Financial liabilities with banks and other institutions - current	53	
Trade payables	162	
Tax liabilities - current	116	
Other liabilities - current	308	
<b>TOTAL CURRENT LIABILITIES</b>	<b>640</b>	
<b>TOTAL LIABILITIES</b>	<b>752</b>	<b>B</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,603</b>	
<b>Fair Value of acquired net assets</b>	<b>852</b>	<b>C = A - B</b>
<b>Cost of the investment</b>	<b>7,939</b>	<b>D</b>
<b>Final Goodwill IFRS 3</b>	<b>7,088</b>	<b>E = D - C</b>

**Sistemi Gestionali, Sedas, S.I. Global, Team Ufficio (contribution of business units to TeamSystem 8)**

In January 2022, the businesses of the following resellers of TeamSystem products were acquired by way of contribution of their respective business units into TeamSystem 8 and subsequent acquisition of this company's share capital:

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

Euro thousands

STATEMENT OF FINANCIAL POSITION		
LIABILITIES	PPA final adjustments	NOTES
<b>TOTAL EQUITY</b>	<b>(1,101)</b>	
Staff leaving indemnity	134	
<b>TOTAL NON CURRENT LIABILITIES</b>	<b>134</b>	
Trade payables	861	
Other liabilities - current	106	
<b>TOTAL CURRENT LIABILITIES</b>	<b>967</b>	
<b>TOTAL LIABILITIES</b>	<b>1,101</b>	<b>B</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>0</b>	



Fair Value of acquired net assets	(1,101)	C = A - B
Cost of the investment	9,618	D
<b>Final Goodwill IFRS 3</b>	<b>10,719</b>	<b>E = D - C</b>

□ □ □

### ► Provisional allocations in 2022

#### Ciaomanager S.r.l.

In June 2022, TeamSystem S.p.A. acquired an additional 36% interest in the share capital of Ciaomanager S.r.l. (it previously held a 15% interest). Therefore, on 31 December 2022 TeamSystem S.p.A. held a controlling interest of 51% of the share capital of Ciaomanager. Ciaomanager develops SaaS cloud software solutions for hotels, in addition to developing other innovative software solutions based on artificial intelligence.

A put and call option agreement was entered into with respect to the remaining 49% interest in the company.

In 2022, the company reported total revenue of € 554 thousand and a profit of € 92 thousand.

The purchase price allocation recognised for the acquisition of Ciaomanager S.r.l. was still provisional at 31 December 2022, and therefore, the related goodwill was also provisional at the reporting date.

Euro thousands

<b>STATEMENT OF FINANCIAL POSITION</b>		
<b>CIAOMANAGER</b>		
<b>ASSETS</b>	<b>PPA provisional adjustments</b>	<b>NOTES</b>
Tangible assets	18	
Intangible assets	694	
Deferred tax assets	29	
<b>TOTAL NON CURRENT ASSETS</b>	<b>742</b>	
Trade receivables	148	
Other receivables - current	4	
Cash and bank balances	67	
<b>TOTAL CURRENT ASSETS</b>	<b>219</b>	
<b>TOTAL ASSETS</b>	<b>961</b>	<b>A</b>

Euro thousands

<b>STATEMENT OF FINANCIAL POSITION</b>		
<b>CIAOMANAGER</b>		
<b>LIABILITIES</b>	<b>PPA provisional adjustments</b>	<b>NOTES</b>
<b>TOTAL EQUITY</b>	<b>469</b>	
Staff leaving indemnity	17	
Deferred tax liabilities	150	
<b>TOTAL NON CURRENT LIABILITIES</b>	<b>167</b>	
Financial liabilities with banks and other institutions - current	199	
Other liabilities - current	126	
<b>TOTAL CURRENT LIABILITIES</b>	<b>325</b>	
<b>TOTAL LIABILITIES</b>	<b>491</b>	<b>B</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>960</b>	

Fair Value of acquired net assets	469	C = A - B
Cost of the investment	2,043	D
<b>Provisional Goodwill IFRS 3</b>	<b>1,573</b>	E = D - C

□ □ □

### Teamsyver S.r.l.

In October 2022, TeamSystem S.p.A. acquired 100% of the share capital of Teamsyver S.r.l., a newco to which Biemme Computer and Studio C contributed their respective business units. Teamsyver is a reseller of TeamSystem software.

The purchase price allocation recognised for the acquisition of Teamsyver S.r.l. was still provisional at 31 December 2022, and therefore, the related goodwill was also provisional at the reporting date.

**Euro thousands**

<b>STATEMENT OF FINANCIAL POSITION</b>		
<b>TEAMSYVER</b>		
<b>ASSETS</b>	<b>PPA provisional adjustments</b>	<b>NOTES</b>
Tangible assets	4	
Intangible assets	31	
<b>TOTAL NON CURRENT ASSETS</b>	<b>35</b>	
Trade receivables	1,106	
Other receivables - current	48	
Other financial assets - current	493	
Cash and bank balances	524	
<b>TOTAL CURRENT ASSETS</b>	<b>2,172</b>	
<b>TOTAL ASSETS</b>	<b>2,206</b>	<b>A</b>

**Euro thousands**

<b>STATEMENT OF FINANCIAL POSITION</b>		
<b>TEAMSYVER</b>		
<b>LIABILITIES</b>	<b>PPA provisional adjustments</b>	<b>NOTES</b>
<b>TOTAL EQUITY</b>	<b>741</b>	
Staff leaving indemnity	266	
<b>TOTAL NON CURRENT LIABILITIES</b>	<b>266</b>	
Trade payables	407	
Tax liabilities - current	334	
Other liabilities - current	458	
<b>TOTAL CURRENT LIABILITIES</b>	<b>1,199</b>	
<b>TOTAL LIABILITIES</b>	<b>1,465</b>	<b>B</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2,206</b>	

Fair Value of acquired net assets	741	C = A - B
Cost of the investment	6,875	D
<b>Provisional Goodwill IFRS 3</b>	<b>6,134</b>	<b>E = D - C</b>

**Progetto Software S.r.l. (and subsidiary companies)**

In December 2022, TeamSystem S.p.A. acquired a 100% interest in Progetto Studio S.r.l., which in turn holds 100% of the share capital of Sogei S.p.A.

Both companies are resellers of TeamSystem software.

In the Group's consolidated financial statements as at 31 December 2022, only the balance sheet balances of Progetto Software (and its subsidiary Sogei) have been consolidated, as the acquisition of this company took place in December 2022, a date close to the end of the consolidated financial year.

The purchase price allocation recognised for the acquisition of Progetto Software (and its subsidiary Sogei) was still provisional at 31 December 2022 and, therefore, the related goodwill was also provisional at the reporting date.

**Euro thousands**

<b>STATEMENT OF FINANCIAL POSITION PROGETTO SOFTWARE</b>		
<b>ASSETS</b>	<b>PPA provisional adjustments</b>	<b>NOTES</b>
Tangible assets	19	
Intangible assets	40	
<b>TOTAL NON CURRENT ASSETS</b>	<b>60</b>	
Trade receivables	922	
Tax receivables	56	
Other receivables - current	42	
Cash and bank balances	535	
<b>TOTAL CURRENT ASSETS</b>	<b>1,556</b>	
<b>TOTAL ASSETS</b>	<b>1,615</b>	<b>A</b>

**Euro thousands**

<b>STATEMENT OF FINANCIAL POSITION PROGETTO SOFTWARE</b>		
<b>LIABILITIES</b>	<b>PPA provisional adjustments</b>	<b>NOTES</b>
<b>TOTAL EQUITY</b>	<b>(505)</b>	
Staff leaving indemnity	531	
<b>TOTAL NON CURRENT LIABILITIES</b>	<b>531</b>	
Financial liabilities with banks and other institutions - current	758	
Trade payables	438	
Tax liabilities - current	8	
Other liabilities - current	385	
<b>TOTAL CURRENT LIABILITIES</b>	<b>1,589</b>	
<b>TOTAL LIABILITIES</b>	<b>2,120</b>	<b>B</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,615</b>	

Fair Value of acquired net assets	(505)	C = A - B
Cost of the investment	5,015	D
<b>Provisional Goodwill IFRS 3</b>	<b>5,520</b>	<b>E = D - C</b>

### **CZ Informatica S.r.l.**

In December 2022, TeamSystem S.p.A. acquired 100% interest in CZ Informatica S.r.l., a reseller of TeamSystem software.

In the Group's consolidated financial statements as at 31 December 2022, only the balance sheet balances of CZ Informatica have been consolidated, as the acquisition of this company took place in December 2022, a date close to the end of the consolidated financial year.

The purchase price allocation recognised for the acquisition of CZ Informatica S.r.l. was still provisional at 31 December 2022, and therefore, the related goodwill was also provisional at the reporting date.

Euro thousands

<b>STATEMENT OF FINANCIAL POSITION</b>		
<b>CZ INFORMATICA</b>		
<b>ASSETS</b>	<b>PPA provisional adjustments</b>	<b>NOTES</b>
Tangible assets	24	
Intangible assets	52	
Other Investments	3	
Investments in associates	0	
Deferred tax assets	17	
<b>TOTAL NON CURRENT ASSETS</b>	<b>95</b>	
Trade receivables	689	
Tax receivables	60	
Other receivables - current	40	
Cash and bank balances	249	
<b>TOTAL CURRENT ASSETS</b>	<b>1,039</b>	
<b>TOTAL ASSETS</b>	<b>1,134</b>	<b>A</b>

Euro thousands

<b>STATEMENT OF FINANCIAL POSITION</b>		
<b>CZ INFORMATICA</b>		
<b>LIABILITIES</b>	<b>PPA provisional adjustments</b>	<b>NOTES</b>
<b>TOTAL EQUITY</b>	<b>(516)</b>	
Staff leaving indemnity	241	
Provisions for risks and charges	377	
<b>TOTAL NON CURRENT LIABILITIES</b>	<b>618</b>	
Trade payables	801	
Tax liabilities - current	2	
Other liabilities - current	229	
<b>TOTAL CURRENT LIABILITIES</b>	<b>1,032</b>	
<b>TOTAL LIABILITIES</b>	<b>1,650</b>	<b>B</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,134</b>	

Fair Value of acquired net assets	(516)	C = A - B
Cost of the investment	5,076	D
<b>Provisional Goodwill IFRS 3</b>	<b>5,592</b>	E = D - C

### SIA S.r.l.

In December 2022, TeamSystem S.p.A. acquired 100% interest in SIA S.r.l., a reseller of TeamSystem software.

In the Group's consolidated financial statements as at 31 December 2022, only the balance sheet balances of SIA S.r.l. have been consolidated, as the acquisition of this company took place in December 2022, a date close to the end of the consolidated financial year.

The purchase price allocation recognised for the acquisition of SIA S.r.l. was still provisional at 31 December 2022 and, therefore, the related goodwill was also provisional at the reporting date.

#### **Euro thousands**

<b>STATEMENT OF FINANCIAL POSITION</b>		
<b>SIA</b>		
<b>ASSETS</b>	<b>PPA provisional adjustments</b>	<b>NOTES</b>
Tangible assets	25	
Deferred tax assets	9	
<b>TOTAL NON CURRENT ASSETS</b>	<b>34</b>	
Inventories	2	
Trade receivables	978	
Tax receivables	2	
Other receivables - current	(19)	
Other financial assets - current	1	
Cash and bank balances	2,612	
<b>TOTAL CURRENT ASSETS</b>	<b>3,577</b>	
<b>TOTAL ASSETS</b>	<b>3,611</b>	<b>A</b>

#### **Euro thousands**

<b>STATEMENT OF FINANCIAL POSITION</b>		
<b>SIA</b>		
<b>LIABILITIES</b>	<b>PPA provisional adjustments</b>	<b>NOTES</b>
<b>TOTAL EQUITY</b>	<b>1,998</b>	
Staff leaving indemnity	409	
Provisions for risks and charges	192	
<b>TOTAL NON CURRENT LIABILITIES</b>	<b>601</b>	
Financial liabilities with banks and other institutions - current	422	
Trade payables	312	
Tax liabilities - current	83	
Other liabilities - current	196	
<b>TOTAL CURRENT LIABILITIES</b>	<b>1,012</b>	
<b>TOTAL LIABILITIES</b>	<b>1,613</b>	<b>B</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>3,611</b>	

Fair Value of acquired net assets	1,998	C = A - B
Cost of the investment	8,847	D
<b>Provisional Goodwill IFRS 3</b>	<b>6,849</b>	<b>E = D - C</b>

### Algoritmi S.r.l.

In December 2022, TeamSystem S.p.A. acquired 100% interest in Algoritmi S.r.l S.r.l., a reseller of TeamSystem software.

In the Group's consolidated financial statements as at 31 December 2022, only the balance sheet balances of Algoritmi S.r.l S.r.l. have been consolidated, as the acquisition of this company took place in December 2022, a date close to the end of the consolidated financial year.

The purchase price allocation recognised for the acquisition of Algoritmi S.r.l. was still provisional at 31 December 2022 and, therefore, the related goodwill was also provisional at the reporting date.

#### Euro thousands

<b>STATEMENT OF FINANCIAL POSITION</b>		
<b>ALGORITMI</b>		
<b>ASSETS</b>	<b>PPA provisional adjustments</b>	<b>NOTES</b>
Tangible assets	59	
Intangible assets	6	
<b>TOTAL NON CURRENT ASSETS</b>	<b>65</b>	
Trade receivables	743	
Tax receivables	4	
Other receivables - current	39	
Cash and bank balances	867	
<b>TOTAL CURRENT ASSETS</b>	<b>1,653</b>	
<b>TOTAL ASSETS</b>	<b>1,717</b>	<b>A</b>

#### Euro thousands

<b>STATEMENT OF FINANCIAL POSITION</b>		
<b>ALGORITMI</b>		
<b>LIABILITIES</b>	<b>PPA provisional adjustments</b>	<b>NOTES</b>
<b>TOTAL EQUITY</b>	<b>30</b>	
Staff leaving indemnity	794	
Provisions for risks and charges	128	
<b>TOTAL NON CURRENT LIABILITIES</b>	<b>922</b>	
Trade payables	304	
Tax liabilities - current	41	
Other liabilities - current	420	
<b>TOTAL CURRENT LIABILITIES</b>	<b>766</b>	
<b>TOTAL LIABILITIES</b>	<b>1,687</b>	<b>B</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,717</b>	

Fair Value of acquired net assets	30	C = A - B
Cost of the investment	8,748	D
<b>Provisional Goodwill IFRS 3</b>	<b>8,718</b>	<b>E = D - C</b>

## 16. INVESTMENTS IN OTHER COMPANIES AND INVESTMENTS IN ASSOCIATES

	Restated 31 Dec 2021		Change in cons. area	Additions	Other movements and disposals	31 Dec 2022
Investments in Associates	258				(42)	216
Other Investments	943		3		(688)	258
<b>Total</b>	<b>1,201</b>		<b>3</b>		<b>(730)</b>	<b>474</b>

Other movements and disposals in Other investments mainly refer to the reclassification of the equity investment in Cia o manager, as a additional shares in the share capital of the company were a cquired in 2022, thus making it a subsidiary (and therefore consolidated) in the consolidated financial statements for the year ended 31 December 2022.

## 17. DEFERRED TAX ASSETS AND LIABILITIES

### Deferred tax assets

Deferred tax assets at 31 December 2022 amounted to € 14,293 thousand. Details of movements in deferred tax assets are provided in the following table.

	Restated 31 Dec 2021		Change in cons. area	Additions	Other movements and disposals	31 Dec 2022
<b>DEFERRED TAX ASSETS</b>						
Provision for slow-moving inventories				31		31
Provision for pension and similar obligation	391				(391)	(0)
Provision for litigations and other provisions	514			880	(626)	848
Other items	203				(275)	0
Provision for bad-debts	4,864			1,007	(1,058)	4,813
Tax step-up	5,248				(813)	4,435
<b>TeamSystem S.p.A.</b>	<b>11,219</b>			<b>1,917</b>	<b>(3,162)</b>	<b>10,126</b>
Deferred tax asset of other Subsidiaries	4,042		55		(85)	4,012
<b>Other Subsidiaries</b>	<b>4,042</b>		<b>55</b>		<b>(85)</b>	<b>4,012</b>
Provision for slow-moving inventories	43			21		64
Right of use assets	53				(5)	48
Provision for litigations and other provisions	672				(751)	(79)
Provision for bad-debts	47				(47)	(0)
Other items	201			53	(133)	121
<b>Consolidation entries</b>	<b>1,016</b>			<b>74</b>	<b>(936)</b>	<b>155</b>
<b>Total</b>	<b>16,277</b>		<b>55</b>	<b>1,991</b>	<b>(4,183)</b>	<b>14,293</b>

Deferred tax assets as 31 December 2022 primarily relate to the allowance for bad debts and to other provisions for risks and charges which are disallowed for tax purposes. These deferred tax assets are not subject to any maturity or expiration.

TeamSystem S.p.A. did not recognise deferred tax assets on the interest expense exceeding gross operating income (GOI) and therefore not deducted for tax purposes. The potential deferred tax asset relating to the foregoing amounts to around € 37,191 thousand at 31 December 2022.

In addition to the above, the Group did not recognise deferred tax assets (amounting to € 1,637 thousand at 31 December 2022) on the differences in depreciation rates on Brands that were subject to a tax revaluation in 2021 in accordance with Decree Law No. 104 of 14 August 2020.

### **Deferred tax liabilities**

Deferred tax liabilities at 31 December 2022 amounted to € 309,593 thousand. Changes in deferred tax liabilities are summarised in the following table.

<b>DEFERRED TAX LIABILITIES</b>	<b>Restated 31 Dec 2021</b>	<b>Change in cons. area</b>	<b>Additions</b>	<b>Other movements and disposals</b>	<b>31 Dec 2022</b>
Fair value valuation of land and buildings	899			(135)	764
TeamSystem - Intangibles	233,036			(7,523)	225,513
Investments revaluation	5,415			(446)	4,969
Other					
<b>TeamSystem S.p.A.</b>	<b>239,350</b>			<b>(8,104)</b>	<b>231,245</b>
Deferred tax liabilities of other Subsidiaries	51		2		53
<b>Other Subsidiaries</b>	<b>51</b>		<b>2</b>		<b>53</b>
Investments revaluation	(5,415)		446		(4,969)
Intangibles - subsidiaries	114,270	540		(32,407)	82,403
Capitalized development costs	392		559	(92)	859
Other					
<b>Consolidation entries</b>	<b>109,248</b>	<b>540</b>	<b>1,005</b>	<b>(32,499)</b>	<b>78,294</b>
<b>Total</b>	<b>348,649</b>	<b>540</b>	<b>1,007</b>	<b>(40,603)</b>	<b>309,593</b>

The other changes/decreases mainly refer to the release of the deferred tax liability recognised on the amortisation of intangible assets (Software, Brands, Customer relationships and other IFRS assets) identified as part of the allocation of the purchase price of the “change of control” transaction that involved the TeamSystem Group in 2021.

## **18. NET CASH/DEBT**

	<b>Current</b>	<b>Non Current</b>	<b>31 Dic 2022 Total</b>	<b>Current</b>	<b>Non Current</b>	<b>Restated 31 Dic 2021 Total</b>
Bank accounts and post office	145,496		145,496	59,045		59,045
Cash and bank balances	27		27	46		46
<b>Total Cash and bank balances</b>	<b>145,523</b>		<b>145,523</b>	<b>59,090</b>		<b>59,090</b>
Cash Pooling receivables	0		0	1		1
Loans	25		25	79		79
Derivative instruments - assets		31,233	31,233			
Accruals and prepaid commissions	38		38	43		43
Other financial assets	8,238		8,238	8,356		8,356
<b>Total Other financial assets</b>	<b>8,301</b>	<b>31,233</b>	<b>39,534</b>	<b>8,478</b>		<b>8,478</b>
Loans with banks	(1,767)		(1,767)	(76,553)		(76,553)
Overdrafts with banks	(2)		(2)	(722)		(722)
Finance leases liabilities	(6,561)	(18,715)	(25,276)	(11,984)	(13,161)	(25,145)
Notes	(21,181)	(1,635,000)	(1,656,181)	(14,118)	(1,450,000)	(1,464,118)
Financial liabilities with other institutions	(1,607)		(1,607)	(1,226)		(1,226)
Dividends to be paid	(40)		(40)	(45)		(45)
<b>Total Financial liabilities</b>	<b>(31,158)</b>	<b>(1,653,715)</b>	<b>(1,684,873)</b>	<b>(104,648)</b>	<b>(1,463,161)</b>	<b>(1,567,809)</b>
Financing Fees - notes		44,404	44,404		45,489	45,489
Financing Fees - banks		2,997	2,997	3,648		3,648
<b>Total Financing Fees</b>		<b>47,402</b>	<b>47,402</b>	<b>3,648</b>	<b>45,489</b>	<b>49,137</b>
Liabilities to non controlling shareholders of subsidiaries	(35,724)	(51,919)	(87,643)	(24,716)	(56,636)	(81,352)
Commissions financial liabilities	(217)		(217)	(173)		(173)
Other financial accruals	(0)		(0)	(2)		(2)
<b>Total Other financial liabilities</b>	<b>(35,941)</b>	<b>(51,919)</b>	<b>(87,860)</b>	<b>(24,890)</b>	<b>(56,636)</b>	<b>(81,527)</b>
<b>Total</b>	<b>86,725</b>	<b>(1,626,999)</b>	<b>(1,540,274)</b>	<b>(58,322)</b>	<b>(1,474,308)</b>	<b>(1,532,630)</b>

Net debt as of 31 December 2022 amounted to € 1,540,274 thousand.

### **■ Lease liabilities**

The financial debt for leases at 31 December 2022 amounted to € 25,276 thousand. This liability reflects the



financial liability recognised as a result of accounting for leases under IFRS 16.

### **■ 2028 Fixed, Floating Rate and Private Rate Notes (“2028 Notes”) and 2029 PIYW PIK Toggle Notes**

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

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

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

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

**Brunello Midco 2 S.p.A. (“PIK Issuer”)**, which changed its company name to TeamSystem Holdco 3 in 2021, issued:

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

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

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

On 06 October 2022, **TeamSystem S.p.A.** issued:

- senior secured floating rate notes (ISIN XS2533816042 - XS2533896721) with a total nominal value of € 185 million maturing on 15 February 2028 (“**2028 Private Notes**” along with the **2028 Fixed Rate Notes** and then **2028 Floating Rate Notes**, the “**2028 Notes**”). The 2028 Private Notes bear interest at a rate equal to the 3-month Euribor rate - with a floor of 0.00% - plus a spread of 6.25%, payable quarterly in arrears on 15 January, 15 April, 15 July, 15 October of each year starting on 15 July 2023.

The 2028 Private Notes are listed on the MTF of the Vienna Stock Exchange.

### **■ Collateral**

At 31 December 2022, the obligations arising under the **2028 Notes** and the **New RCF** (as described below) were secured by the following security rights:

- a pledge on the entire share capital of TeamSystem S.p.A., originally granted on 30 March 2021 and confirmed and extended on 06 October 2022;
- a pledge on the Italian bank accounts of TeamSystem S.p.A., originally granted on 12 November 2021 and confirmed and extended on 06 October 2022.

On 31 December 2022, the obligations arising under the **2029 PIYW PIK Toggle Notes** were secured by the

following security rights:

- a pledge on the entire share capital of the PIK Issuer, originally granted on 18 February 2021;
- a pledge on the entire share capital of TeamSystem S.p.A., originally granted on 30 March 2021 and confirmed and extended on 06 October 2022.

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

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

#### **■ Revolving Credit Facility (Existing and New)**

On 27 January 2021, Brunello Bidco S.p.A. (now merged with TeamSystem S.p.A.) negotiated a new super senior revolving credit facility ("**New RCF**") with a principal amount of € 180 million and expiring on 18 August 2027. The surviving company from the above-mentioned merger transaction was TeamSystem S.p.A. which, as a result of the merger and starting from the merger date, assumed all the obligations of Brunello Bidco S.p.A. with respect to the New RCF.

The interest rate payable on the **New RCF** credit facility is equal to the Euribor / LIBOR, with a floor of 0.00%, plus a spread, calculated quarterly based on certain contractual parameters ("**Senior Secured Net Leverage Ratio**").

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

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

#### **■ Interest Rate Swaps – Financial derivative assets / liabilities**

With the aim of reducing the risk of market interest rate fluctuations associated with the Floating Rate Notes, in April 2022, TeamSystem S.p.A. entered into two interest rate swap contracts with a total notional amount of € 700 million and with a termination date of 15 December 2025. The market value of the interest rate swaps has been recognised in profit or loss for the year ended 31 December 2022.

Euro Million				
Risk hedged	Hedged item	Company	Notional	31 Dec 2022 Fair value
Change in interest rate	Floating rate notes	TeamSystem S.p.A	425.0	18.9
Change in interest rate	Floating rate notes	TeamSystem S.p.A	275.0	12.3
<b>Total</b>			<b>700.0</b>	<b>31.2</b>

#### **■ Liabilities to non-controlling shareholders of subsidiaries**

Contingent liabilities to non-controlling shareholders (€ 87,643 thousand at 31 December 2022) relate to put and call options and/or earn-outs due to non-controlling interest holders of certain consolidated subsidiaries. The most significant liabilities relate to the following companies (for put/call options and/or earn-outs and/or deferred consideration): Hubble, Modefinance, TeamSystem Financial Value Chain, Logical Soft, My Expenses, TeamSystem 8, TeamSystem 10, Storeden S.r.l, Teamsyver S.r.l, Algoritmi S.r.l.

Changes in the balance of Liabilities to non-controlling shareholders of subsidiaries in 2022 are summarised below.

	Restated 31 Dec 2021	Change in cons. area	Interest	Revaluations	Write-downs	Payments	31 Dec 2022
Liabilities to non controlling shareholders of subs	81,352	27,835	2,762	33,229	(12,603)	(44,932)	87,643
<b>Total</b>	<b>81,352</b>	<b>27,835</b>	<b>2,762</b>	<b>33,229</b>	<b>(12,603)</b>	<b>(44,932)</b>	<b>87,643</b>

The liabilities to non-controlling shareholders of subsidiaries paid in 2022 amount to € 44,932 thousand and mainly relate to the acquisition of further interests and/or the payment of earn-outs and/or deferred consideration relating to investments in the following companies: Cassanova, AF Soluzioni, MBM, Skylab, Software del Sol, Modefinance, Logical Soft, IT Review.

Because of the uncertainties caused by the armed conflict between Russia and Ukraine, the development of which is still not entirely predictable, the estimates used by Management to determine the value of the put/call options and earn-outs due to non-controlling interest holders at 31 December 2022 (such as, for example, the plan projections used) may be affected.

## 19. INVENTORIES

	31 Dic 2022	Restated 31 Dic 2021	Change	% Change
Raw and ancillary materials	406	419	(13)	-3.1%
Finished products and goods	1,205	1,073	132	12.3%
(Allowance for slow-moving inventory)	(500)	(613)	112	-18.3%
<b>Total</b>	<b>1,111</b>	<b>879</b>	<b>232</b>	<b>26.3%</b>

Inventories amounted to € 1,111 thousand at 31 December 2022 and included hardware products not yet delivered at the reporting date, as well as consumables, accessories, third party software modules and software licences for resale.

## 20. TRADE RECEIVABLES

	31 Dic 2022	Restated 31 Dic 2021	Change	% Change
Trade receivables	171,815	147,792	24,023	16.3%
(Allowance for bad debts)	(23,521)	(22,952)	(568)	2.5%
<b>Total</b>	<b>148,294</b>	<b>124,840</b>	<b>23,455</b>	<b>18.8%</b>

Trade receivables at 31 December 2022 amounted to € 148,294 thousand, net of the allowance for bad debts of € 23,521 thousand.

Movements in the allowance for bad debts in 2022 are summarised below.

	Restated 31 Dec 2021	Change in cons. area	Other movements	(*) Additions	(*) (Utilisations)	31 Dec 2022
Allowance for bad debts	22,952	78		5,489	(4,998)	23,521
<b>Total</b>	<b>22,952</b>	<b>78</b>		<b>5,489</b>	<b>(4,998)</b>	<b>23,521</b>

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

Trade receivables are recorded net of the allowance for bad debts, the balance of which amounted to € 23,521 thousand at 31 December 2022.

The allowance for bad debts at 31 December 2022 was determined by adopting an expected credit loss approach (as required by the relevant IFRS 9), which took into account:

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

## 21. TAX RECEIVABLES

	31 Dic 2022	Restated 31 Dic 2021	Change	% Change
Tax credits	186	169	17	10.1%
Other tax receivables	145	607	(462)	-76.1%
Withholding tax credit	20	26	(6)	-21.8%
Advances and credit on income taxes	610	1,650	(1,040)	-63.0%
<b>Total</b>	<b>961</b>	<b>2,452</b>	<b>(1,491)</b>	<b>-60.8%</b>

Tax receivables at 31 December 2022 amounted to € 961 thousand.

## 22. OTHER CURRENT RECEIVABLES

	31 Dic 2022	Restated 31 Dic 2021	Change	% Change
VAT receivables	475	1,577	(1,102)	-69.9%
Deposits	666	680	(14)	-2.0%
Receivables from employees	124	148	(24)	-16.1%
Other receivables - current	8,519	11,053	(2,534)	-22.9%
Accrued income	226	24	202	n.s.
Prepayments	27,375	23,265	4,110	17.7%
<b>Other current receivables</b>	<b>37,385</b>	<b>36,747</b>	<b>638</b>	<b>1.74%</b>

Other current receivables came to € 37,385 thousand at 31 December 2022. The main components that make up this balance are Prepaid expenses (€ 27,375 thousand), which mainly consist of fees for maintenance and support provided by third parties.

Other current receivables mainly relate to advances paid at the end of the 2022 financial year for acquisitions of certain companies, which were finalised in the early months of the 2023 financial year.

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

	Share capital	Other reserves	Retained earnings (accumulated losses)	Profit (Loss) attributable to Owners of the Company	Equity attributable to Owners of the Company	Non controlling interests	TOTAL
31 Dec 2021	14,597	1,439,231	(27)	(64,176)	1,389,624	892	1,390,516
Profit (Loss) allocation		(63,967)	(209)	64,176	0		0
Other movements		(15)			(15)		(15)
Sale of minority stake in subsidiaries		190			190	(90)	100
Profit (Loss) for the year				(146,541)	(146,541)	3	(146,538)
Other Profit (Loss) on comprehensive income		3,326			3,326	(1)	3,325
31 Dec 2022	14,597	1,378,765	(236)	(146,541)	1,246,585	803	1,247,388

Equity attributable to owners of the Parent Company at 31 December 2022 amounted to € 1,246,585 thousand.

Equity attributable to non-controlling interests (€ 803 thousand) relates to equity interests held by third parties in Gruppo Euroconference, Voispeed Limited and TeamSystem Capital at Work SGR.

In 2021, the following companies:

- TeamSystem S.p.A.
- TeamSystem Service S.r.l.
- Aliaslab S.p.A., (merged into TeamSystem S.p.A. in 2022)
- Madbit Entertainment S.r.l.
- Danea Soft S.r.l.

- Gruppo Euroconference S.p.A. decided to revalue the tax basis of intangible software and trademark assets in accordance with Decree Law No. 104 of 14 August 2020. This resulted in the generation of equity reserves subject to taxation upon distribution totalling € 173,703 thousand in the companies listed above.

## 24. STAFF LEAVING INDEMNITY

	Restated 31 Dec 2021	Change in cons. area	Other movements	Service cost	Interest cost	Actuarial (gain) / loss	(Utilisations)	31 Dec 2022
Staff leaving indemnity	25,974	2,605	(18)	1,536	189	(4,070)	(1,492)	24,724
<b>Total</b>	<b>25,974</b>	<b>2,605</b>	<b>(18)</b>	<b>1,536</b>	<b>189</b>	<b>(4,070)</b>	<b>(1,492)</b>	<b>24,724</b>

The liability associated with the staff leaving indemnity at 31 December 2022 amounted to € 24,724 thousand.

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

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

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

	2022 financial year
Turnover	4.00%
Discount rate	3.77%
Anticipation rate	1.00%

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

It should also be noted that, should the annual discount rate change by +/- 0.25%, the staff leaving indemnity would decrease by approximately € 546 thousand (in the event of a 0.25% increase in the discount rate) and increase by approximately € 570 thousand in the event of a 0.25% decrease in the discount rate.

IAS 19 - Employee Benefits requires the recognition of actuarial gains and losses arising from the “remeasurement” of liabilities and assets in the consolidated statement of comprehensive income. Consequently, the amount included in the 2022 consolidated statement of comprehensive income (€ 0.3334 thousand) corresponds to the actuarial gains/losses, as stated above, net of the tax effect of € 1,053 thousand.

## 25. PROVISIONS FOR RISKS AND CHARGES

	Restated 31 Dec 2021	Change in cons. area	Additions	Other movements and disposals	31 Dec 2022
Provision for pension and similar obligation	1,362	347	117	(260)	1,567
Provision for litigations	11,358	350	2,266	(4,364)	9,610
Other Provision for risks and charges	530	15	765	214	1,524
<b>Total</b>	<b>13,250</b>	<b>712</b>	<b>3,148</b>	<b>(4,410)</b>	<b>12,701</b>

Provisions for risks and charges amounted to € 12,700 thousand at 31 December 2022. The components thereof are the following:

- Provision for pensions and similar obligations of € 1,567 thousand, relating mainly to the Provision for agents' indemnity; disbursements are triggered by the termination of agreements with Group companies' agents for reasons not attributable thereto (death, natural termination of activities and similar circumstances); accordingly, it is not possible to reliably estimate the timing of disbursements.
- the Provision for litigation and disputes, amounting to € 9,610 thousand, relating mainly to certain disputes (with social security institutions and tax agencies) as well as relating to certain liabilities (deemed possible) allocated as part of the Purchase Price Allocation (in accordance with the relevant accounting standards, IFRS 3.23) of both the TeamSystem Group (in connection with the "change of control" transaction in February 2021) and with reference to the acquisitions (after February 2021) made by the TeamSystem Group. Management is not able to estimate the date of the probable cash outflow. The additions to the Provision for litigation in 2022, mainly refer to an ongoing dispute with a supplier regarding the application of certain contractual clauses. Utilisation of the Provision for litigation in 2022 relate to the settlement of certain tax disputes (within the context of an assessment procedure agreed with the competent tax authorities) regarding the 2016 tax year and concerning corporate income tax (IRES), regional tax on productive activities (IRAP), value added tax (VAT) and the research and development tax credit;
- Provision for other risks and charges amounted to € 1,524 thousand at 31 December 2022, which primarily includes the provision for corporate welfare plans and other minor items for which the cash out cannot be estimated at the reporting date.

## 26. CURRENT TAX LIABILITIES

	31 Dic 2022	Restated 31 Dic 2021	Change	% Change
Income tax payables	8,519	8,431	88	1.04%
Other tax liabilities	409	172	237	n.s.
<b>Total</b>	<b>8,928</b>	<b>8,603</b>	<b>325</b>	<b>3.8%</b>

Income tax payables came to € 8,928 thousand at 31 December 2022 and relate to:

- the balance of the substitute tax liability of € 1,929 thousand recognised by the following companies:
  - 1) TeamSystem S.p.A.
  - 2) TeamSystem Service S.r.l.
  - 3) Aliaslab S.p.A., (merged into TeamSystem S.p.A. in 2022)
  - 4) Madbit Entertainment S.r.l.
  - 5) Danea Soft S.r.l.
  - 6) Gruppo Euroconference S.p.A.
 which have decided to revalue intangible trademark/software assets for tax purposes in accordance with Decree Law 104 of 14 August 2020;
- the remaining amount regards corporate income tax payable recognised by the individual consolidated subsidiaries in accordance with applicable national laws (since TeamSystem Group carries out almost all its operations in Italy, this tax payable relates almost exclusively to IRES and IRAP).

## 27. OTHER CURRENT AND NON-CURRENT LIABILITIES

	31 Dic 2022	Restated 31 Dic 2021	Change	% Change
VAT liabilities	4,037	1,858	2,179	n.s.
Withholdings liabilities	5,144	5,198	(54)	-1.0%
Employees payables and Social security liabilities - current	35,990	33,447	2,543	7.6%
Advances	1,198	1,786	(588)	-32.9%
Other liabilities	1,137	958	179	18.7%
Accrued liabilities	161	239	(77)	-32.4%
Deferred revenues	102,798	86,589	16,209	18.7%
<b>Other current liabilities</b>	<b>150,466</b>	<b>130,076</b>	<b>20,391</b>	<b>15.68%</b>
Social security liabilities - non current	381	425	(44)	-10.3%
Other tax liabilities - non current	8	8		
<b>Other non current liabilities</b>	<b>389</b>	<b>432</b>	<b>(44)</b>	<b>-10.10%</b>
<b>Total Other liabilities</b>	<b>150,855</b>	<b>130,508</b>	<b>20,347</b>	<b>15.59%</b>

Other current and non-current liabilities amounted to € 150,855 thousand at 31 December 2022.

Employee payables and social security liabilities of € 35,990 thousand relate to salaries and 2022 production bonuses (not yet paid at the year end) payable to employees, directors and collaborators, as well as accruals for public holidays and holiday pay, inclusive of related social contributions.

Deferred revenue (€ 102,798 thousand) mainly relates to the portion of software support contract revenue (pertaining essentially to Nuovamacut Group companies, TeamSystem S.p.A., Gruppo Euroconference S.p.A., Madbit Entertainment S.r.l. and Danea Soft S.r.l.) attributable to future financial years, based upon the duration of the underlying contracts.

## 28. FINANCIAL INSTRUMENTS AND IFRS 7

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

### Foreign exchange risks

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

### Credit risk

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

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

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

At 31 December 2022, the Group did not have any insurance cover for trade receivables.

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

The amount of the allowance for bad debts at 31 December 2022 was determined by adopting an expected credit loss approach (as required by the relevant IFRS 9), taking into account both past due receivables, the allowance for

which was determined based on a specific analysis of doubtful accounts, and receivables that are not yet past due at the reporting date, therefore estimating a generic write-down based on historical data and the past credit loss experience of the Group, adjusted to take into account expected losses from specific debtors and the macroeconomic environment.

As a result of the economic and financial difficulties generated by the conflict between Russia and Ukraine, TeamSystem Group's customers may have temporary difficulties in paying for services/products rendered by the Group, with possible repercussions on the Group's liquidity.

Group Management is constantly monitoring the situation and the effects and, in accordance with IFRS 9, has adopted and is adopting an approach that takes into account both current and future uncertainties.

#### **Interest rate risk**

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

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

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

If interest rates payable on the Notes had been 0.5% higher during 2022 (with respect to the interest rate actually paid during the year), finance costs pertaining to the Notes would have been around € 6 million higher; if interest rates payable on the Notes had been 0.50% lower (with respect to the interest rate actually paid during 2022), the TeamSystem Group would have incurred around € 6 million less in finance costs pertaining to the Notes. Note that the interest rate derivative contracts negotiated by TeamSystem Group in 2022 are effective starting from 15 January 2023.

As regards the revolving credit facility, if interest rates payable on the RCF had been 0.5% higher during the course of 2022 (with respect to the interest rate actually paid during the course of 2022), finance costs would have been € 0.2 million higher; on the other hand, if interest rates payable on the RCF had been 0.50% lower (with respect to the interest rate actually paid during the course of 2022), the TeamSystem Group would have incurred around € 0.2 million less in finance costs.

#### **Liquidity risk**

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

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

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

Despite the Group's high degree of leverage, the ongoing conflict between Russia and Ukraine and the commitments stemming from the various shareholdings acquired in 2022, liquidity is not an issue. The RCF line of credit itself, has not been drawn down at 31 December 2022. The Group has always demonstrated its ability to generate cash and to successfully raise funds in the financial markets.

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



31 Dec 2022	31 Dec 2022	within 12 months	between 1 - 5 years	over 5 years	Total cash flows
<b>FINANCIAL ASSETS</b>					
Accruals and prepaid commissions	38	38			38
Loans	25	25			25
Derivative instruments - assets	31,233	3,599	10,411		14,010
Other financial assets	8,238	8,238			8,238
<b>FINANCIAL LIABILITIES</b>					
Loans with banks	(1,767)	(1,767)			(1,767)
Overdrafts with banks	(2)	(2)			(2)
Finance leases liabilities	(25,276)	(7,534)	(17,469)	(3,048)	(28,050)
Notes	(1,656,181)	(98,185)	(393,008)	(1,668,789)	(2,159,982)
Financial liabilities with other institutions	(1,607)	(1,607)			(1,607)
Dividends to be paid	(40)	(40)			(40)
Liabilities to non controlling shareholders of subs	(87,643)	(36,514)	(62,706)		(99,220)
Commissions financial liabilities	(217)	(217)			(217)

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

### **Financial instruments by category (IFRS 7 paragraph 8)**

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

	31 Dec 2022	FVTPL	FVTOCI	AC
<b>Current and Non current Financial Assets</b>				
Other financial assets - current and non current	39,534	39,275	0	260
Trade receivables	148,294			148,294
Equity investments	258	258		
Cash and bank balances	145,523			
<b>Total</b>	<b>333,609</b>	<b>39,533</b>	<b>0</b>	<b>148,554</b>
<b>Current and Non Current Financial Liabilities</b>				
Financial liabilities with banks and other institutions - current and non current	1,684,873	0	0	1,684,873
Financing Fees - current and non current	(47,402)	0	0	(47,402)
Other financial liabilities - current and non current	87,860	87,643	0	217
Trade payables	67,504			67,504
<b>Total</b>	<b>1,792,835</b>	<b>87,643</b>	<b>0</b>	<b>1,705,192</b>

### **KEY TO FINANCIAL INSTRUMENT CATEGORIES**

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

Considering the characteristics of the financial assets and liabilities recorded in the financial statements and as shown by the above table, the fair value of many of these (current trade receivables and payables and current and non-current financial liabilities) do not differ from their related carrying amounts, with the exception of the **2028 Notes** for which the market quotation at 31 December 2022 (84.50 for the **2028 Fixed Rate Notes** and 95.00 for the **2028 Floating Rate Notes**) corresponds to the best estimate of fair value at 31 December 2022.

### **Levels of fair value hierarchy**

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

- Level 1 – prices quoted by active markets for assets or liabilities being measured;
- Level 2 – inputs other than Level 1 inputs that are directly observable (prices) or indirectly (derived from prices) market inputs;

- Level 3 – inputs not based on observable market data.

	Level 1	Level 2	Level 3	TOTAL
<b>Financial Assets</b>				
Other Investments			258	258
Derivative instruments - assets		31,233		31,233
Other financial assets		8,042		8,042
<b>Total</b>	<b>0</b>	<b>39,275</b>	<b>258</b>	<b>39,533</b>
<b>Financial Liabilities</b>				
Liabilities to non controlling shareholders of subsidiaries			87,643	87,643
<b>Total</b>	<b>0</b>	<b>0</b>	<b>87,643</b>	<b>87,643</b>

The financial liability component for Liabilities to non-controlling shareholders of subsidiaries is the main category within level 3 of the fair value hierarchy and it consists of the fair value of the estimated liability arising from put and call or earn-out agreements relating to various non-controlling interests in Group companies; the related fair value was determined considering the contractual hypotheses for the determination of the consideration. Changes in fair value, due both to timing and possible changes in estimated indicators that form the basis for the computation of the consideration, are recognised in the consolidated statement of profit or loss; the impact recognised in the 2022 consolidated statement of profit or loss arising from the change in the fair value measurement of the liabilities to non-controlling shareholders of subsidiaries amounts to a decrease in their measurement of a approximately € 12,603 thousand and an increase in their measurement of a approximately € 34.016, whereas € 2,762 thousand was recognised as finance costs for the discounting of the liability to non-controlling shareholders of subsidiaries at the new rate for the period in the item Other IFRS financial charges (see Note 7 Finance Income, Note 8 Finance Costs and Note 18 Net Cash/Debt).

Note that the discount rate applied for the measurement of the liabilities to non-controlling shareholders of subsidiaries at 31 December 2022 is that adopted for performing Group impairment tests at 31 December 2021, that is, the rate that equates to the cost of debt (gross of the tax effect) of 7.40% at 31 December 2022. This cost of debt is deemed representative of TeamSystem Group's specific credit risk at the balance sheet date. The Group has also performed an analysis of the sensitivity of the carrying amount of the liabilities to non-controlling shareholders of subsidiaries with respect to the interest rates applied. The results of this analysis are set out in the table below.

Cost of Debt - gross of tax	6.40%	6.90%	7.40%	7.90%	8.40%
Liabilities to non controlling shareholders of subsidiaries	86,353	87,006	87,643	88,347	89,036

Because of the uncertainty caused by the conflict between Russia and Ukraine (and the resulting inflationary tensions, particularly with regard to energy commodities), the future developments of which are still not fully predictable, the estimates used by Management to determine the value of the put/call options and earn-outs due to non-controlling interest holders at 31 December 2022 (such as, for example, the plan projections used) may be affected.

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

### ■ Guarantees provided

At 31 December 2022, the obligations arising under the **2028 Notes** and the **New RCF** were secured by the following security rights:

- a pledge on the entire share capital of TeamSystem S.p.A., originally granted on 30 March 2021 and confirmed and extended on 06 October 2022;
- a pledge on the Italian bank accounts of TeamSystem S.p.A., originally granted on 12 November 2021 and confirmed and extended on 06 October 2022.

On 31 December 2022, the obligations arising under the **2029 PIYW PIK Toggle Notes** were secured by the following security rights:

- a pledge on the entire share capital of the PIK Issuer, originally granted on 18 February 2021;
- a pledge on the entire share capital of TeamSystem S.p.A., originally granted on 30 March 2021 and confirmed and extended on 06 October 2022.

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

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

#### **Other significant commitments and contractual rights**

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

<b>SUBSIDIARIES</b>		
<b>Put / Call Options Outstanding</b>	<b>31 Dec 2022</b>	<b>31 Dec 2021</b>
TeamSystem Communication S.r.l.	25.00%	25.00%
Cassanova S.r.l.		49.00%
Techmass S.r.l.	49.00%	49.00%
TeamSystem Financial Value Chain S.r.l.	18.80%	39.00%
TeamSystem AM HoldCo S.r.l.	8.80%	29.00%
MBM Italia S.r.l.		39.00%
AF Soluzioni S.r.l.		40.00%
Beneficy S.r.l.	49.00%	49.00%
Team4you S.r.l.	10.00%	10.00%
Habble S.r.l.	40.00%	40.00%
Modefinance S.r.l.	41.00%	41.00%
Logical Soft S.r.l.	40.00%	40.00%
My Expenses S.L	40.40%	40.40%
Modefinance International S.r.l.	35.00%	35.00%
Ciaomanager S.r.l.	49.00%	85.00%

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

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

#### **Lease disclosures**

<b>Euro Million</b>				
<b>31 Dic 2022</b>	<b>within 12 months</b>	<b>between 1 - 5 years</b>	<b>over 5 years</b>	<b>Total</b>
Leases for operational premises	5,137	14,362	3,048	<b>22,546</b>
Leases for motor cars	1,732	2,076		<b>3,809</b>
Other leases	665	1,031		<b>1,696</b>
<b>Total</b>	<b>7,534</b>	<b>17,469</b>	<b>3,048</b>	<b>28,050</b>

#### **Other commitments and contingent assets/liabilities**

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

lead to the payment of costs not covered (or not fully covered) by insurance with a consequent impact on the financial position.

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

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

#### Investments in associates

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

Amounts in Euro

CONSOLIDATED COMPANIES								
EQUITY METHOD	Registered office	Share capital	Equity	Currency	% held	% held with put/call options	Put / Call Options	Notes
Esaedro S.r.l. (*)	Parma	20,800	489,976	EUR	40.00	40.00		
INTIT S.r.l. (*)	Frosinone	20,800	353,471	EUR	35.00	35.00		
Cesaco S.r.l. (*)	Vicenza	90,000	31,547	EUR	48.00	48.00		

(\*) = figures updated to 31 December 2021 financial statements.

#### Investments in subsidiaries with material non-controlling interests

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

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

Euro thousands

GRUPPO EUROCONFERENCE	31 Dec 2022	31 Dec 2021	Change
<b>% Held by Non Controlling Interests</b>	3.13	3.13	0.00
<b>Total Current Assets</b>	37,740	33,146	4,593
<b>Total Non Current Assets</b>	4,218	4,552	(334)
<b>Total Current Liabilities</b>	9,201	8,430	771
<b>Total Non Current Liabilities</b>	441	448	(7)
<b>Total Equity</b>	32,315	28,820	3,495
<b>Total Equity attributable to non controlling interests</b>	1,011	902	109
<b>Total Revenue</b>	14,685	13,799	886
<b>Operating Result</b>	4,366	5,485	(1,119)
<b>Profit (Loss) for the year</b>	3,494	5,446	(1,951)
<b>Profit (Loss) for the year - Non controlling Interests</b>	109	170	(61)

Euro thousands			
MODEFINANCE	31 Dec 2022	31 Dec 2021	Change
% Held by Non Controlling Interests	41.00	41.00	0.00
Total Current Assets	5,796	4,584	1,212
Total Non Current Assets	2,149	1,800	349
Total Current Liabilities	3,151	3,457	(307)
Total Non Current Liabilities	340	261	80
Total Equity	4,454	2,666	1,787
Total Equity attributable to non controlling interests	1,826	1,093	733
Total Revenue	6,880	5,451	1,429
Operating Result	2,232	1,664	568
Profit (Loss) for the year	1,687	1,312	375
Profit (Loss) for the year - Non controlling Interests	692	538	154

Euro thousands			
TEAMSYSTEM FINANCIAL VALUE CHAIN	31 Dec 2022	31 Dec 2021	Change
% Held by Non Controlling Interests	18.80	39.00	-20.20
Total Current Assets	3,161	3,475	(313)
Total Non Current Assets	10,355	9,980	374
Total Current Liabilities	112	90	21
Total Non Current Liabilities	0	0	0
Total Equity	13,404	13,365	40
Total Equity attributable to non controlling interests	2,520	5,212	(2,692)
Total Revenue	280	198	82
Operating Result	18	(72)	90
Profit (Loss) for the year	40	(131)	171
Profit (Loss) for the year - Non controlling Interests	7	(51)	59

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

#### Emoluments

As required by IAS 24, the table below shows the emoluments payable for the year ended 31 December 2022 to the members of the Board of Directors, to the members of the Board of Statutory Auditors and to the Group's Top Management.

	31 Dec 2022	31 Dec 2021
Directors	75	75
Statutory Auditors	49	73
Top Management	2,996	2,942
<b>Total emoluments</b>	<b>3,120</b>	<b>3,090</b>

#### Related companies

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

### 32. INDEPENDENT AUDITORS

In addition to the above information, note that fees payable to Deloitte & Touche S.p.A. as independent auditors, recognised by the Group in profit or loss in 2022 for the audit of the consolidated financial statements, amounted to a approximately € 492 thousand.

### 33. DISCLOSURE REQUIRED BY LAW 127/2017

As regards the disclosure requirements introduced by Law 127/2017, in 2022, TeamSystem Group did not benefit from any subsidies, economic advantages, grants or aid paid in cash or in kind that was not of a general nature and that did not take the form of consideration, remuneration or compensation except as set forth in the following table.

Figures in Euro

LEGAL ENTITY RECEIVING THE BENEFIT	PUBLIC ENTITY PROVIDING THE BENEFIT	DESCRIPTION	AMOUNT RECEIVED
Algoritmi	MISE	Grant for training courses	13,882
Algoritmi	INPS	RID 08% 2% 3% IVS	93,039
Modefinance	University of Pavia	Fintech project	25,061
Modefinance	University of Pavia	Periscope project	21,004
Modefinance	Avep	Grant - Veneto Region	33,470

### 34. SUBSEQUENT EVENTS

#### **Acquisition / Contribution of business units**

##### **TeamSystem 10 S.r.l.**

The business unit (related to accounting firms) of reseller Alpha Team S.r.l. was contributed to TeamSystem 10 with an effective date of 1st January 2023.

In January 2023, the business units of the following companies were contributed to TeamSystem 10 S.r.l.:

-GNS System News S.p.A.

-Alfaconta S.r.l.

##### **Readytec S.p.A.**

In January 2023, TeamSystem S.p.A. acquired a controlling stake (100%) in Readytec S.p.A., a TeamSystem software reseller.

##### **Readytec Emilia S.r.l.**

In January 2023, TeamSystem S.p.A. acquired a controlling stake (100%) in Readytec Emilia S.r.l., a TeamSystem software reseller.

##### **Sistemi IT S.r.l.**

In January 2023, TeamSystem S.p.A. acquired a controlling stake (100%) in Sistemi IT S.r.l., a TeamSystem software reseller.

##### **Sigma Sistemi S.r.l.**

In January 2023, TeamSystem S.p.A. acquired a controlling stake (100%) in Sigma Sistemi S.r.l., a company that resells TeamSystem software and develops IaaS software solutions.

##### **Microntel S.p.A.**

In February 2023, TeamSystem S.p.A. acquired a controlling stake (57.17%) in Microntel S.p.A., a company that develops and markets HR software. Microntel holds a 100% equity interest in Euroges S.r.l.

##### **Multidata S.r.l.**

In March 2023, TeamSystem S.p.A. acquired a controlling stake (100%) in Multidata S.r.l., a company that develops and markets software for the textile industry.

#### **Energy crisis and rising inflation - Russia-Ukraine crisis**

The ongoing conflict between Russia and Ukraine and the ensuing international tensions dominated 2022.

The sanctions imposed by the international community on Russia, as well as the countermeasures taken by this country, caused prices to rise sharply, primarily of raw materials (and energy in particular), and also led to disruptions and instability in international trade chains.

Management will continue monitoring this situation and the possible effects of this conflict on the Group's results of operations and financial position, and will continue to make adjustments to its estimates.

□ □ □

**Milan, 20 March 2023**

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



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

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

### REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

#### Opinion

We have audited the consolidated financial statements of TeamSystem HoldCo S.p.A. and its subsidiaries ("TeamSystem Group" or "Group"), which comprise the consolidated statement of financial position as at December 31, 2022, the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2022 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

#### Basis for Opinion

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

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

The Directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern



and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of TeamSystem HoldCo S.p.A. or the termination of the business or have no realistic alternatives to such choices.

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

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

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

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

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

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

The Directors of TeamSystem HoldCo S.p.A. are responsible for the preparation of the report on operations of TeamSystem Group as at December 31, 2022, including its consistency with the related consolidated financial statements and its compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations with the consolidated financial statements of TeamSystem Group as at December 31, 2022 and on its compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, the above-mentioned report on operations is consistent with the consolidated financial statements of TeamSystem Group as at December 31, 2022 and is prepared in accordance with the law.

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

DELOITTE & TOUCHE S.p.A.

*Signed by*  
**Gianfranco Recchia**  
Partner

Ancona, Italy  
April 3, 2023

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

**TEAMSYSTEM HOLDCO S.P.A. a socio unico**

Sede legale a Pesaro – Via Sandro Pertini n. 88

Capitale sociale euro 14.596.648,00 i.v.

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

***Relazione del Collegio Sindacale ai sensi dell'art. 2429, comma 2, c.c.,  
al bilancio al 31/12/2022***All'Azionista unico di TeamSystem Holdco S.p.A.

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

**Premessa**

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

La revisione legale del bilancio d'esercizio della Società e del bilancio consolidato del Gruppo TeamSystem chiuso al 31 dicembre 2022 è stata affidata a Deloitte & Touche S.p.a. con decisione dell'Azionista unico assunta il 24 maggio 2021, per il triennio 2021 – 2023, e perciò sino alla data di approvazione del bilancio relativo all'esercizio chiuso al 31 dicembre 2023.

Si premette che la Società svolge la funzione di holding capogruppo del Gruppo TeamSystem, per effetto dell'operazione di acquisizione perfezionatasi nell'anno 2021 di cui gli Amministratori danno informativa nella Nota integrativa e nella Relazione sulla gestione del Bilancio dell'esercizio e del Bilancio consolidato chiuso al 31 dicembre 2022.

La Società è infatti detentrica dell'intero capitale sociale di TeamSystem Holdco 1 S.r.l., a sua volta titolare dell'intero capitale sociale di TeamSystem Holdco 2 S.r.l., a sua volta titolare dell'intero capitale sociale di TeamSystem Holdco 3 S.p.A. la quale è a sua volta titolare dell'intero capitale sociale di TeamSystem S.p.A..

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

Con riferimento all'attività svolta dalla Società nell'esercizio chiuso al 31 dicembre 2022, possiamo confermare che essa è stata coerente con quanto previsto dall'oggetto sociale ed in modo particolare con la sua funzione di holding capogruppo del Gruppo TeamSystem.

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

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



**Attività svolta**

Il Collegio sindacale ha approfondito la conoscenza dell'attività e dell'assetto organizzativo della Società, tenendo naturalmente conto della peculiare caratteristica di società "holding di partecipazione non finanziaria".

Il Collegio sindacale ha posto particolare attenzione ai fatti di maggiore rilievo verificatisi nell'esercizio, al fine di individuarne l'impatto economico e finanziario, nonché quello prodotto sul risultato d'esercizio e sull'equilibrio finanziario e patrimoniale della Società.

Dei fatti di rilievo occorsi nell'esercizio 2022, viene data informativa da parte degli Amministratori nella Nota integrativa relativa anche al bilancio d'esercizio 2022, e nella Relazione sulla gestione. La struttura organizzativa della Società è coerente rispetto alla natura di "holding di partecipazione non finanziaria" della stessa, quale capogruppo del Gruppo TeamSystem.

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

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

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

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

**Osservazioni in ordine al bilancio ed alla sua approvazione**

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

In particolare, la Società, pur avendo i requisiti per usufruire delle semplificazioni previste dall'art. 2435-ter, c.c. (c.d. bilancio delle microimprese), ha predisposto il bilancio dell'esercizio chiuso al 31 dicembre 2022 in forma abbreviata, in ottemperanza al comma 5 all'articolo 2345-ter, c.c.,

(come emendato dall'art. 24, co. 2, della Legge 238/2021), ai sensi del quale agli enti di investimento e alle imprese di partecipazione finanziaria è fatto divieto di redigere il bilancio con le semplificazioni delle microimprese, ex art. 2435-ter, c.c.. Per gli stessi soggetti, inoltre, è fatto obbligo di redigere la Relazione sulla gestione di cui all'art. 2428 c.c., oltre ad ulteriori e minori interventi riguardanti talune voci dello schema di Stato patrimoniale.

Si dà atto che la revisione legale è stata affidata alla società di revisione Deloitte & Touche S.p.a. che ha predisposto la propria relazione ex art. 14 del D.Lgs. 27 gennaio 2010 n. 39, relazione che riporta un giudizio positivo senza rilievi sul bilancio dell'esercizio chiuso al 31 dicembre 2022.

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

- I criteri utilizzati nella redazione del bilancio chiuso al 31 dicembre 2022 sono conformi a quelli indicati dalla normativa civilistica di riferimento ed ai Principi contabili italiani in vigore;
- Si è vigilato sulla generale impostazione del progetto di bilancio, sulla sua generale conformità al quadro normativo e regolamentare di riferimento per quanto concerne la sua formazione e struttura; a tale riguardo, non si hanno osservazioni suscettibili di essere evidenziate nella presente relazione;
- Ai sensi dell'art. 2426, n. 5, c.c., abbiamo espresso il nostro consenso all'iscrizione nell'attivo dello Stato Patrimoniale, di costi di impianto e di ampliamento per l'ammontare ivi indicato;
- E' stata verificata la rispondenza del bilancio ai fatti ed alle informazioni di cui si è avuta conoscenza, ed a tale riguardo non si hanno osservazioni suscettibili di essere evidenziate nella presente Relazione.

### **Risultato dell'esercizio**

Il risultato netto accertato dall'organo amministrativo nel bilancio dell'esercizio chiuso al 31 dicembre 2022, come emerge dalla lettura del bilancio stesso, risulta essere negativo per Euro (22.074,00).

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

### **Conclusioni**

Sulla base di quanto sopra esposto e per quanto è stato portato a conoscenza del Collegio sindacale, si ritiene che non sussistano ragioni ostative all'approvazione da parte dell'Azionista unico del progetto di bilancio per l'esercizio chiuso al 31 dicembre 2022 così come è stato redatto ed è stato proposto dall'organo amministrativo.

Si approva all'unanimità.

Pesaro, lì 03 aprile 2023

*P. Il Collegio sindacale*

Dott. Claudio Sanchioni (Presidente del Collegio sindacale)



The first part of the document discusses the importance of maintaining accurate records of all transactions. It emphasizes that every entry, no matter how small, should be recorded to ensure the integrity of the financial data. This includes not only sales and purchases but also expenses, income, and any other financial activities.

The second part of the document provides a detailed breakdown of the accounting process. It starts with the identification of the accounting period, followed by the collection and classification of data. The next steps involve the recording of transactions in the journal, the posting of these transactions to the ledger, and the preparation of financial statements.

The third part of the document focuses on the analysis and interpretation of the financial statements. It explains how to use the balance sheet, income statement, and cash flow statement to assess the financial health of the organization. It also discusses the importance of comparing the current period's performance with the previous period and with industry benchmarks.

The fourth part of the document addresses the role of the accountant in the organization. It highlights the need for the accountant to be not only a technical expert but also a strategic advisor. This involves understanding the business operations and providing insights that can help management make better decisions.

The fifth part of the document discusses the challenges and opportunities in the field of accounting. It notes that while the profession has become more complex due to technological advancements, it also offers significant opportunities for growth and specialization.

The sixth part of the document provides a summary of the key points discussed and offers some final thoughts on the future of accounting. It concludes by emphasizing the importance of continuous learning and staying up-to-date with the latest developments in the field.