

31 December 2023
Consolidated
Financial Statements
TeamSystem Group

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TEAMSYSTEM HOLDCO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

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**DIRECTORS'
REPORT**

TeamSystem Holdco S.p.A.

DIRECTORS' REPORT ON OPERATIONS FOR THE YEAR ENDED 31 DECEMBER 2023

Presented below are the results for the year ended 31 December 2023, along with comments on the operations of TeamSystem Holdco S.p.A. and its subsidiaries (“**TeamSystem Group**” or “**Group**”).

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 2023 and its results for the year then ended.

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

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CORPORATE BODIES AND OTHER CORPORATE INFORMATION

BOARD OF DIRECTORS

31 Dec 2023

<p>VINCENZO MORELLI FEDERICO LEPROUX TOMMASO COHEN VINCENZO FERRARI LUCA VELUSSI BLAKE CHRISTOPHER KLEINMAN ALESSANDRA BRAMBILLA GUILLAUME CHARLES VANMOERBEKE LUCIO DI CIACCIO</p>	<p>CHAIRMAN CHIEF EXECUTIVE OFFICER DIRECTOR DIRECTOR DIRECTOR DIRECTOR DIRECTOR DIRECTOR</p>
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On 20 February 2024, the TeamSystem Holdco shareholders' meeting resolved to appoint a new Director Abhishek Shankar Chawdhry.

On 11 March 2024, the Director Lucio Di Ciaccio resigned and the shareholders' meeting of TeamSystem Holdco resolved on the appointment of the new Directors Klajd Panariti and Christian Lucas.

BOARD OF STATUTORY AUDITORS

31 Dec 2023

<p>CLAUDIO SANCHIONI FABIO LANDUZZI NICOLE MAGNIFICO IVANO ANTONIOLI CRISTINA AMADORI</p>	<p>CHAIRMAN STATUTORY AUDITOR STATUTORY AUDITOR ALTERNATIVE AUDITOR ALTERNATIVE AUDITOR</p>
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COMPANY INFORMATION

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

► MACROECONOMIC CONTEXT

European macroeconomic context

According to the European Central Bank (ECB), the euro area economy weakened in the second half of 2023, dragged down by deteriorating financing conditions, falling confidence and declining competitiveness. The recovery is now expected to be somewhat slower than envisaged in the macroeconomic projections prepared by the ECB staff in September 2023.

Overall, average annual real GDP growth is expected to decelerate from 3.4% in 2022 to 0.6% in 2023, before recovering to 0.8% in 2024 and stabilising at 1.5% in 2025 and 2026.

In the last quarter of 2023, short-term indicators pointed to a slowdown in economic activity. However, growth is expected to strengthen from the beginning of 2024 onwards, with real disposable income rising, supported by falling inflation, robust wage growth and a resilient labour market. Exports are also expected to grow as a result of improvements in foreign demand. Despite the lingering effects on the economy of the ECB's monetary tightening and unfavourable credit supply conditions, which are currently weighing on short-term growth, these dampening effects are expected to fade over the course of 2024 and beyond.

Inflation continued to decline due to lower energy inflation, the impact of monetary policy tightening and the ongoing easing of supply bottlenecks. After falling in fourth quarter of 2023, inflation is expected to rise temporarily in the short term due to a pick-up in energy inflation. The underlying disinflationary process, however, is expected to continue.

Overall, inflation is expected to fall from 8.4 % in 2022 to 5.4 % in 2023 and then to 2.7 % in 2024, 2.1 % in 2025 and 1.9 % in 2026.

Italian macroeconomic context

According to preliminary data from ISTAT, Italian GDP is expected to grow by 0.7% in both 2023 and 2024, slowing down from the 3.7% growth observed in 2022.

Over the two-year forecast period, GDP growth would be mainly supported by domestic demand excluding inventories, contributing 0.8% in 2023 and 0.7% percentage points in 2024, while the contribution of net external demand is expected to be slightly negative in 2023 (-0.1% percentage points) and neutral in 2024. The contribution of inventories, however, is projected to be neutral in both years.

Domestic demand will be mainly driven by private consumption, which is expected to increase by 1.4% in 2023 and by 1.0% in 2024, supported by declining inflation and a gradual (albeit partial) recovery in wages and employment growth. Investment is projected to slow significantly compared to the previous two years, increasing by only 0.6% in both years.

Employment, measured in terms of annual work units (AWU), will increase in line with GDP (+0.6% in 2023 and +0.8% in 2024), which will be accompanied by a fall in the unemployment rate (7.6% this year and 7.5% next year).

Inflation is set to decline as a result of falling energy prices and the impact of the ECB's restrictive monetary policy. The deflator for household spending is expected to fall to +5.4% this year and to +2.5% in 2024.

The projected scenario is based on the assumption of further declines in consumer and imported raw material prices, a gradual recovery in global trade and the gradual implementation of the investment plan outlined in the National Recovery and Resilience Plan (PNRR).

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► SIGNIFICANT EVENTS THAT OCCURRED DURING THE YEAR

■ MILITARY CONFLICT BETWEEN RUSSIA AND UKRAINE AND ISRAEL AND HAMAS

The conflicts between Russia and Ukraine and Israel and Hamas and the ensuing international tensions dominated 2023.

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 2023.

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

■ PRIVATE PLACEMENT OF € 195 MILLION SENIOR SECURED FLOATING RATE NOTES DUE IN 2023

In October 2023, TeamSystem S.p.A. issued € 195.0 million of senior secured floating rate notes due in 2030 ("2030 Private Notes") to certain investors in a private placement. The Notes bear interest at the three-month Euribor rate (with a floor of 0.00%) plus an annual spread of 5.50% and were issued at an issue price equal to 100.00% of their nominal amount.

In addition, concurrently with the issuance of the **2023 Private Notes**, certain amendments were made to the Senior Floating Rate Pay-If-You-Want PIK Toggle Notes issued by TeamSystem Holdco 3 S.p.A. on 17 February 2021, which, among other things, extended the maturity date of the PIK Notes by ten months to 15 December 2029.

■ 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 2023, as set out below:

- a) in April 2023, the following subsidiaries were merged by absorption into TeamSystem S.p.A.: MBM and Evolution Fit. The effective date for accounting and tax purposes of these mergers was backdated to 1 January 2023;
- b) in July 2023, the following subsidiary companies were merged by absorption into TeamSystem S.p.A.: CZ Informatica, Progetto Software and Sogei. The effective date for accounting and tax purposes of these mergers was backdated to 1 January 2023;
- c) in October 2023, the following subsidiary companies were merged by absorption into TeamSystem S.p.A.: Algoritmi, Sia, Teamsyver; Cassanova. The effective date for accounting and tax purposes of these mergers was backdated to 1 January 2023. Also in October 2023, the subsidiary Mondora spun off its software development business unit which was merged by absorption into TeamSystem S.p.A. The effective date for accounting purposes of this merger was 1 November 2023.
- d) in December 2023, the following subsidiaries were merged by absorption into TeamSystem S.p.A.: TeamSystem 8, TeamSystem 11, Progetto Studio, Data Consult, Selda, New Tronic, Cesio, Storenden and Sigma Sistemi. The effective date for accounting and tax purposes of these mergers was backdated to 1 January 2023.
- e) in December 2023, the subsidiary Euroges was merged by absorption into the subsidiary Mircontel, with the effective date for accounting and tax purposes backdated to 1 January 2023.

■ ACQUISITION/ INCORPORATION OF NEW SUBSIDIARIES

During 2023, the TeamSystem Group acquired and/or established the following companies:

TeamSystem 10 S.r.l.

The business unit (which focuses on accounting firm segment) of the dealer Alpha Team S.r.l. was transferred to TeamSystem 10 with an effective date of 1 January 2023.

In addition, the business units of the following companies were transferred to TeamSystem 10 S.r.l. in mid-January 2023:

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

Readytec S.p.A.

In January 2023, TeamSystem S.p.A. acquired a 100% controlling interest in Readytec S.p.A., a TeamSystem software dealer.

Readytec Emilia S.r.l.

In January 2023, TeamSystem S.p.A. acquired a 100% controlling interest in Readytec Emilia S.r.l., a TeamSystem software dealer.

Sistemi IT S.r.l.

In January 2023, TeamSystem S.p.A. acquired a 100% controlling interest in Sistemi IT S.r.l., a TeamSystem software dealer.

Sigma Sistemi S.r.l.

In January 2023, TeamSystem S.p.A. acquired a 100% controlling interest in Sigma Sistemi S.r.l., a developer of IaaS software solutions and a TeamSystem software dealer.

Microntel S.p.A. (and Euroges S.r.l.)

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

Multidata S.r.l.

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

Aplifisa S.L.U., Ticcyl Digital S.L.U. and Marclamara S.L.

In March 2023, Software Del Sol S.A. acquired:

- 1) a 100% interest in Aplifisa S.L.U., a company that markets software solutions for the accountants' market in Spain.
- 2) a 100% interest in Ticcyl Digital S.L.U., the company that holds Aplifisa's research and development structure.
- 3) a 100% interest in Marclamara S.L. Marclamara S.L. owns a digital platform that provides ancillary services (training, webinars, etc.) for the accountants' market in Spain.

GreeNext Technologies S.p.A.

In May 2023, TeamSystem S.p.A. acquired a 95.51% controlling interest in GreeNext Technologies S.p.A., a company that develops and sells software for waste management.

Unitssystem Shpk / TeamSystem Tirana

In May 2023, TeamSystem S.p.A. acquired a 100% controlling interest in Unitssystem Shpk, a company based in Tirana, Albania, engaged in the design, implementation and development of information systems and application programmes.

Following the acquisition, Unitssystem Shpk changed its name to TeamSystem Tirana.

MailUp S.p.A., MailUp Nordics A/S, Globase International A.p.S.

In July 2023, TeamSystem S.p.A. acquired 100% of MailUp S.p.A., a company operating in the email service provider sector. MailUp holds 100% of the share capital of MailUp Nordics, which in turn controls 100% of Globase International A.p.S.

Acumbamail S.L.

In July 2023, Software Del Sol acquired a 100% interest in Acumbamail S.L., a company operating in the email service provider sector.

Mikro Yazılımevi Yazılım Hizmetleri Bilgisayar Sanayi ve Ticaret A.Ş. (the "Mikro Group")

In September 2023, TeamSystem S.p.A. acquired a controlling interest of 51.534% in Mikro Yazılımevi A.Ş., a company that sells software solutions for the tax advisor, micro business, ERP market and other products in Turkey.

Mikro Yazılımevi A.Ş. holds:

- a 100% interest in PARAŞÜT YAZILIM TEKNOLOJİLERİ A.Ş.

- a 100% interest in Muhasebetech Yazilim A.Ş.
- a 100% interest in Shoptside Yazilim Teknolojileri A.Ş.
- a 100% interest in Mikrogrup Teknoloji Destek Hizmetleri A.Ş.
- a 100% interest in eMükellef Teknoloji A.Ş.
- a 100% interest in Zirve Bilgi Teknolojileri Sanayi Ticaret A.Ş., which holds a 100% interest in Zirve Özel Entegrasyon Yazilim Hizm A.Ş.
- a 60% interest in MEVZUATTR YAZILIM A.Ş (100% startin in October 2023):

Var Enterprise S.r.l.

In September 2023, TeamSystem S.p.A. acquired a 100% controlling interest in Var Enterprise S.r.l., a TeamSystem software dealer.

Triarico Global Services S.r.l.

In October 2023, TeamSystem S.p.A. acquired a 100% controlling interest in Triarico Global Services S.r.l., a TeamSystem software dealer.

Twinlogix S.r.l.

In October 2023, TeamSystem S.p.A. acquired a 100% controlling interest in Twinlogix S.r.l., a company engaged in the research and development of software solutions.

Datamedia S.r.l.

In October 2023, TeamSystem S.p.A. acquired a 100% controlling interest in Datamedia S.r.l., a TeamSystem software dealer.

Rean S.r.l.

In October 2023, TeamSystem S.p.A. acquired a 100% controlling interest in Rean S.r.l., a TeamSystem software dealer.

TeamSystem Hub España S.L.

In October 2023, TeamSystem S.p.A. acquired a 100% controlling interest in TeamSystem Hub España S.L., a TeamSystem software dealer based in Spain.

Bellachioma Systems S.r.l., Bellachioma Enterprise S.r.l.

In October 2023, TeamSystem S.p.A. acquired a 100% controlling interest in Bellachioma Systems S.r.l., and a 100% controlling interest in Bellachioma Enterprise S.r.l. Both companies are TeamSystem software dealers.

Soluzioni Enterprise S.r.l.

In November 2023, TeamSystem S.p.A. acquired a 100% controlling interest in Soluzioni Enterprise S.r.l., a TeamSystem software dealer.

Ecosystem S.r.l.

In November 2023, TeamSystem S.p.A. acquired a 100% controlling interest in Soluzioni Ecosystem S.r.l., a TeamSystem software dealer.

TC Informatica S.r.l.

In November 2023, TeamSystem S.p.A. acquired a 100% controlling interest in TC Informatica S.r.l., a TeamSystem software dealer.

Soluzioni Informatiche S.r.l.

In December 2023, TeamSystem S.p.A. acquired a 100% controlling interest in Soluzioni Informatiche S.r.l., a TeamSystem software dealer.

Bitech – Software “Arca”

In December 2023, TeamSystem S.p.A. acquired from Bitech Software e Digital S.r.l. the "Arca" business unit, which provides IT management for the production and distribution areas of medium-sized companies.

TeamSytem 12 S.r.l.

In December 2023, TeamSystem S.p.A. set up a company called TeamSytem 12 S.r.l.

Sale of the investment in Voispeed

In October 2023, TeamSystem Communication sold its investment in Voispeed.

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► SUMMARY OF TEAMSYSYSTEM GROUP'S RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

Presented below are the results of TeamSystem Group for the 2023 and 2022 financial years.

Euro thousand				
RECLASSIFIED CONSOLIDATED STATEMENT OF PROFIT AND LOSS ACCOUNT				
	31 Dec 2023	31 Dec 2022	Change	% Change
TOTAL REVENUE	733,180	568,178	165,002	29.0%
COGS	(127,387)	(110,994)	(16,393)	14.8%
Personnel	(217,866)	(170,310)	(47,556)	27.9%
Personnel like	(27,663)	(20,316)	(7,347)	36.2%
Non Personnel	(69,631)	(56,439)	(13,192)	23.4%
Capitalized development costs	23,205	17,163	6,042	35.2%
ADJUSTED EBITDA	313,838	227,282	86,556	38.1%
Allowance for bad debts	(7,025)	(5,489)	(1,536)	28.0%
Depreciation and amortization of non current assets	(224,223)	(208,358)	(15,866)	7.6%
Other provisions for risks and charges	(1,949)	(2,413)	464	-19.2%
Impairment of non current assets	0	(78,109)	78,109	-100.0%
Non core items	(20,553)	(14,087)	(6,466)	45.9%
OPERATING RESULT	60,088	(81,173)	141,261	-174.0%
Net Finance Income (Cost)	(139,440)	(80,320)	(59,120)	73.6%
PROFIT (LOSS) BEFORE INCOME TAXES	(79,352)	(161,493)	82,141	-50.9%
Current income tax	(35,366)	(23,600)	(11,766)	49.9%
Deferred income tax	39,500	38,555	945	2.5%
PROFIT (LOSS) FOR THE YEAR	(75,219)	(146,538)	71,320	-48.7%
(Profit) Loss - Non controlling interests	(75)	(3)	(72)	2291.2%
PROFIT (LOSS) - OWNERS OF THE COMPANY	(75,294)	(146,541)	71,247	-48.6%

As shown in the table above, full year 2023 at the TeamSystem Group level closed with Total Revenue of € 733,180 thousand (€ 568,178 thousand in full year 2022), Adjusted Ebitda of € 313,838 thousand (€ 227,282 thousand in full year 2022) and a loss for the year of € 75,294 thousand (€ 146,541 thousand in full year 2022). The percentage increase in margins (Adjusted Ebitda +38%, Total Revenue +29% compared to 2022 results) is mainly due to:

- (i) improved margins on resale products and lower incidence of infrastructure costs on Cloud products;
- (ii) lower incidence of personnel costs due to timing of hiring;
- (iii) optimisation/efficiency projects particularly in the Customer Operations (Customer Service, Delivery), R&D and G&A functions.

The loss mentioned above for the 2023 financial year is mainly the result of:

- the amortisation of intangible assets resulting from the values allocated to intangible assets following the "Purchase Price Allocation" for:
 1. the acquisition of the TeamSystem Group completed in February 2021;
 2. further acquisitions of subsidiaries by the TeamSystem Group after February 2021;
- Financial charges on financial debt.

In any case, the loss does not reflect the Group's normalised results of operations, which, as will be described in the forthcoming paragraphs, have again improved this year compared to last year.

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

Adjusted EBITDA =

Calculated as follows:

Profit (loss) 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;
- Extraordinary settlements with customers and agents;
- Other costs – (income).

Set out below is a 2023 and 2022 **Adjusted EBITDA** reconciliation:

Euro Thousand		
	31 Dec 2023	31 Dec 2022
PROFIT (LOSS)	(75,219)	(146,538)
Income tax	(4,134)	(14,955)
Share of Profit (Loss) of associates	(42)	(43)
Financial income and expenses	155,022	80,363
Monetary Net Gain (Loss)	(15,539)	-
Other provisions for risks and charges	1,949	2,413
Depreciation and amortization of non current assets	224,223	208,358
Allowance for bad debts	7,025	5,489
Advisory expenses related to reorganization and cost saving projects	5,673	3,075
Personnel redundancy	2,729	1,588
Acquisitions and mergers costs	10,079	5,578
Settlements with clients and agents	1,771	3,527
Other cost - (income)	302	320
ADJUSTED EBITDA	313,838	227,282

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 2023 (which has increased by € 165.2 million compared to the year ended 31 December 2022), this change is due to both the Group's organic growth in 2023 and the expansion of the scope of consolidation following the acquisitions made in 2023. Details of Revenue are set out below:

Euro Millions

	31 Dec 2023	31 Dec 2022	Change	% Change
Enterprise	164.6	125.1	39.5	31.6%
Recurring	118.2	91.7	26.5	28.9%
Other Revenues	46.4	33.4	13.0	38.9%
Professional	214.8	168.8	46.0	27.3%
Recurring	198.2	157.3	40.9	26.0%
Other Revenues	16.6	11.5	5.1	44.3%
Micro	181.8	119.7	62.1	51.9%
Recurring	169.5	114.7	54.8	47.8%
Other Revenues	12.3	5.0	7.3	146.0%
Digital Finance	20.9	18.0	2.9	16.1%
Recurring	16.7	16.3	0.4	2.5%
Other Revenues	4.2	1.7	2.5	147.1%
Market Specific Solution	114.3	111.6	2.7	2.4%
Recurring	74.2	66.1	8.1	12.3%
Other Revenues	40.1	45.5	(5.4)	-11.9%
HR	36.9	24.9	12.0	48.2%
Recurring	27.9	20.0	7.9	39.5%
Other Revenues	9.0	4.9	4.1	83.7%
TOTAL REVENUE	733.3	568.1	165.2	29.1%
Total Recurring Revenues	604.7	466.1	138.6	29.7%
Total Other Revenues	128.6	102.0	26.6	26.1%

It should be noted that the figures for 2022 have been reclassified as a result of the reallocation of balances pertaining to certain Group companies between the various Business Units.

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

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

Recurring Revenues for the financial year 2023 increased compared to the previous year, both thanks to foreign acquisitions (specifically Mikrogroup, € 9.7 million of recurring revenues, operating in the Turkish market, and Aplifisa, € 4.1 million of recurring revenues, operating in the Spanish market) and at an organic level on all levels of revenue aggregation by market/product.

In absolute terms, the growth in recurring revenues particularly affected sales relating to:

(i) Micro Business Unit, which recorded an increase in recurring revenues on all product lines dedicated to Micro Small Business/Micro Verticals and in the International area (Spain) totalling € 54.8 million compared to FY 2022 , or a percentage increase of approximately 47.8%.

ii) Professional Business Unit, with an increase in Recurring Revenues of € 40.9 million (or approximately 26% higher than FY2022) due to strong growth in Cloud products both in terms of new sales, migrations and "more for more" operations on the existing customer base.

In percentage terms, the year-on-year growth of the HR Business Unit appears significant thanks to the TS HR software products (with consequent margin expansion) and Welfare.

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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.

The following operating segments have been identified within the TeamSystem 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 in the 2023 and 2022 Financial Statements (note that the 2022 balances have been reclassified as a result of the reallocation of balances pertaining to certain Group companies among the various Business Units).

Euro Millions							
31 Dec 2023							
OPERATING SEGMENTS	ENT	PROF	MICRO	DIF	MSS	HR	TOTALE
TOTAL REVENUE	164.6	214.7	181.8	20.9	114.3	36.9	733.2
FIRST MARGIN	78.1	125.8	112.3	8.8	31.9	12.0	369.0
INDIRECT COSTS							(78.4)
CAPITALISED DEVELOP COSTS							23.2
ADJUSTED EBITDA							313.8

Euro Millions							
31 Dec 2022							
OPERATING SEGMENTS	ENT	PROF	MICRO	DIF	MSS	HR	TOTALE
TOTAL REVENUE	125.1	168.8	119.7	18.0	111.7	24.9	568.2
FIRST MARGIN	60.0	91.2	72.6	6.8	31.4	5.8	267.8
INDIRECT COSTS							(57.6)
CAPITALISED DEVELOP COSTS							17.2
ADJUSTED EBITDA							227.4

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, and customer value functions);
- 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.

Indirect costs include costs that are not uniquely attributable to one or more business units and consist mainly of:

1. Personnel costs of the Group's support functions, specifically (i) Finance, Marketing and Technology; (ii) CEO Office; (iii) HR and General Services; (iv) Legal and Corporate Affairs and those not directly attributed to specific Business Units, such as, for example, the cost of the research and development team in relation to tools and applications used by the Group;
2. Costs for IT infrastructure, cybersecurity, compliance, Artificial Intelligence and Data;
3. Costs for rent, maintenance, utilities for the TeamSystem Group's operating sites;
4. Administrative, legal, tax, labour law and audit consultancy costs;
5. Costs for events, recruiting and training activities;

6. Costs for insurance, association memberships and board of statutory auditors fees;
7. Research and development costs that cannot be allocated to an individual Business Unit.

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► TEAMSYSYSTEM GROUP'S FINANCIAL POSITION

The tables which follow present the Group's financial position at 31 December 2023 and 31 December 2022 and highlight, among other aspects, the Group's net invested capital and working capital, 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).

It should be noted that the balances at 31 December 2022 have been restated after completing the purchase price allocation process for the acquisitions (made during the 2022 financial year) of the following companies: CZ Informatica, Progetto Software, Algoritmi, Sia, Teamsyver.

Euro thousand				
CONSOLIDATED NET INVESTED CAPITAL	31 Dec 2023	Restated 31 Dec 2022	Change	% Change
Trade receivables	200,659	146,912	53,747	36.6%
Inventories	1,736	1,111	625	56.3%
Other receivables - current	62,638	37,383	25,255	67.6%
Trade payables	(71,529)	(67,646)	(3,883)	5.7%
Other liabilities - current	(213,410)	(151,007)	(62,404)	41.3%
Working Capital	(19,906)	(33,246)	13,340	-40.1%
Tax assets net of Tax liabilities	(9,497)	(7,968)	(1,529)	19.2%
Tangible assets	16,820	16,203	617	3.8%
Intangible assets	1,328,154	1,315,044	13,110	1.0%
Right of use	27,826	24,063	3,763	15.6%
Goodwill	2,139,665	1,806,633	333,032	18.4%
Investments	1,391	474	917	193.5%
Non Current Assets	3,513,856	3,162,416	351,440	11.1%
Invested Capital	3,484,453	3,121,203	363,250	11.6%
Staff leaving indemnity	(35,943)	(24,661)	(11,282)	45.7%
Provisions for risks and charges	(25,204)	(12,701)	(12,503)	98.4%
Other liabilities - non current	(342)	(389)	46	-12.0%
Deferred tax assets (liabilities) - net	(293,621)	(294,882)	1,261	-0.4%
Provision and other liabilities	(355,110)	(332,632)	(22,478)	6.8%
NET INVESTED CAPITAL	3,129,343	2,788,571	340,772	12.2%

Euro thousand				
CONSOLIDATED FINANCIAL SOURCES	31 Dec 2023	Restated 31 Dec 2022	Change	% Change
Financial liabilities	2,055,558	1,726,239	329,319	19.1%
Other financial assets	(29,657)	(39,534)	9,877	-25.0%
Cash and bank balances	(46,695)	(145,523)	98,828	-67.9%
Net Financial Indebtedness	1,979,207	1,541,182	438,024	28.4%
Share capital and reserves	1,224,526	1,393,126	(168,600)	-12.1%
Profit (Loss) attributable to Owners of the Company	(75,295)	(146,541)	71,247	-48.6%
TOTAL EQUITY attributable to OWNERS OF THE COMPANY	1,149,231	1,246,585	(97,354)	-7.8%
Non controlling interests - Capital and reserves	830	800	30	3.7%
Non controlling interests - Profit (Loss)	75	3	72	2291.2%
TOTAL NON CONTROLLING INTERESTS	905	803	102	12.7%
FINANCIAL SOURCES	3,129,343	2,788,571	340,772	12.2%

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 Inventories, Trade receivables, Other receivables - current, less Other liabilities - current and Trade payables from the consolidated financial statements.

Tax receivables net of tax liabilities

the sum of Tax receivables, less Tax liabilities from the consolidated financial statements.

The Group's net financial indebtedness at 31 December 2023 amounts to around € 1,979,207 thousand, representing an increase of € 438,024 thousand compared to €1,541,182 thousand at 31 December 2022; this increase is due to the issue (in October 2023 by TeamSystem S.p.A.) of an additional € 195 million of 2030 Private Notes as well as the increase in the liabilities to non-controlling shareholders (following the company acquisitions made during 2023).

The Group's consolidated equity at 31 December 2023 amounts to € 1,149,231 thousand, representing a decrease compared to the balance at 31 December 2022 (€ 1,246,585 thousand) of € 97,354 thousand mainly due to the consolidated financial results for 2023.

The leverage ratio (net financial indebtedness/equity for the Group) was thus 1.7 at 31 December 2023 (1.2 at 31 December 2022).

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► WORKING CAPITAL

The following table shows the components of working capital at 31 December 2023 and 31 December 2022: It should be noted that the balances at 31 December 2022 have been restated after completing the purchase price allocation process for the acquisitions (made during the 2022 financial year) of the following companies: CZ Informatica, Progetto Software, Algoritmi, Sia, Teamsyver.

Euro thousand				
	31 Dec 2023	Restated 31 Dec 2022	Change	% Change
Trade receivables	200,659	146,912	53,747	36.6%
Inventories	1,736	1,111	625	56.3%
Other receivables - current	62,638	37,383	25,255	67.6%
Trade payables	(71,529)	(67,646)	(3,883)	5.7%
Other liabilities - current	(213,410)	(151,007)	(62,404)	41.3%
WORKING CAPITAL	(19,906)	(33,246)	13,340	-40.1%

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 2023, working capital changed by about € 13,340 thousand, from a negative € 33,246 thousand at 31 December 2022 to a negative € 19,906 thousand at 31 December 2023. This change was mainly due to the increase in Trade receivables of € 53,747 thousand (which went from € 146,912 thousand at 31 December 2022 to € 200,659 thousand at 31 December 2023) and the increase in Other trade receivables of € 25,255 thousand (which went from € 37,383 thousand at 31 December 2022 to € 62,638 thousand at 31 December 2023). These increases were offset by the change in Other liabilities for € 62,404 thousand (from € 151,007 thousand at 31 December 2022 to € 213,410 thousand at 31 December 2023), which mainly consist of deferred revenue.

It should also be noted that both 31 December 2023 and 31 December 2022 were not business days, and therefore the collection of bank receipts due on 31 December was postponed to the following financial year for an amount equal to:

- 1) approximately € 7.9 million for 31 December 2022;
- 2) approximately € 8.4 million for 31 December 2023.

Without this "weekend effect", net working capital would have amounted to € 41.1 million at 31 December 2022 and € 28.3 million at 31 December 2023.

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► CONSOLIDATED STATEMENT OF CASH FLOWS

Presented below is the statement of cash flows of TeamSystem Group for 2023 and 2022.

Euro thousands

CONSOLIDATED STATEMENT OF CASH FLOWS	31 Dec 2023	31 Dec 2022	Change	% Change
CASH FLOWS FROM OPERATING ACTIVITIES	211,249	178,844	32,405	18.1%
Capital Expenditure	(42,000)	(36,350)	(5,650)	15.5%
Disposal of investments	(207)	0	(207)	0.0%
Acquisition of investments	(292,836)	(37,045)	(255,791)	n.s.
CASH FLOWS FROM INVESTING ACTIVITIES	(335,043)	(73,395)	(261,648)	n.s.
R repayment of financial debt	(11,256)	(82,946)	71,690	-86.4%
New financing	195,000	185,000	10,000	5.4%
Financial charges paid	(111,400)	(68,867)	(42,533)	61.8%
Financing Fees paid	(6,683)	(6,420)	(263)	4.1%
Liabilities to non controlling shareholders of subsidiaries	(40,702)	(45,759)	5,057	-11.1%
Other equity movements	(3)	(16)	13	-81.9%
CASH FLOWS FROM FINANCING ACTIVITIES	24,956	(19,007)	43,963	n.s.
Change in Exchange rates	10	(10)	20	n.s.
INCREASE (DECREASE) IN CASH AND BANK BALANCES	(98,828)	86,433	(185,261)	n.s.

TeamSystem Group's Cash flows from operating activities for the year ended 31 December 2023 amount to € 211,249 thousand.

It should also be noted that both 31 December 2023 and 31 December 2022 were not business days, and therefore the collection of bank receipts due on 31 December 2023 and 31 December 2022 were postponed to the following financial year for an amount equal to:

- 1) approximately € 7.9 million for 31 December 2022;
- 2) approximately € 8.4 million for 31 December 2023.

Without this “weekend effect”, operating cash flow would have amounted to € 211.7 million for 2023 and € 186.7 million at 31 December 2022.

Regarding Cash flows from investing activities, these amounted to € 335,043 thousand at 31 December 2023 and were mainly attributable to cash outflows during 2023 for the acquisition of equity investments (Mailup, Mikro Group, Rean, Readytec, Aplifisa, Acumbamail, Microntel, Sigma Sistemi, just to name the main ones).

Cash flows from financing activities amounted to € 24,956 thousand, mainly due to the following:

- the issue of the **2030 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, 2030 Private Notes** and the **2029 PIYW PIK Toggle Notes**;
- the payment of liabilities to non-controlling shareholders of subsidiaries (the most significant of which were those relating to the following companies: Storeden, TeamSyver, Algorithms, Sia, Modefinance, Area 32, Progetto Studio, Newtronic just to name the main ones).

► **CAPITAL EXPENDITURE**

The following table shows the capital expenditure incurred by the Group in the year ended 31 December 2023:

Euro thousand	31 Dec 2023	31 Dec 2022	Change	% Change
Investments in tangible assets	(3,205)	(5,353)	2,148	-40.1%
Investments in intangible assets	(15,591)	(13,834)	(1,757)	12.7%
Capitalized development costs - personnel costs	(18,858)	(11,946)	(6,912)	57.9%
Capitalized development costs - service costs	(4,346)	(5,217)	871	-16.7%
CAPITAL EXPENDITURE	(42,000)	(36,350)	(5,650)	15.5%

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

As mentioned previously, product research and development activities were again particularly intense in 2023, focusing on the introduction of new software products, new functionalities or new modules to existing products. The total capitalised development costs (at Group level) in 2023 amounted to € 23.2 million (compared to € 17.2 million in 2022). In addition to changes in the scope of consolidation, this growth is the result of the Group's ongoing commitment to developing new solutions and products (particularly in the field of digitalisation) in response to market needs.

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► FINANCIAL RISK MANAGEMENT

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

Foreign exchange risks

As an international organisation, the Group holds assets and conducts business in currencies other than the euro (although not yet to a significant extent) and is therefore exposed to risks arising from changes in exchange rates that could affect its results of operations and the value of its equity. Many of the TeamSystem Group companies are, however, exposed to a limited degree of foreign exchange risk due to the operational management of these companies, whose cash flows (both revenues and costs) are mostly denominated in the same functional currency as the country in which these companies are based. Finally, please note that as of September 2023, the TeamSystem Group owns the Mikro Group which operates in Turkey, a country currently characterised by hyperinflation and significant fluctuations in exchange rates. However, it should be noted that almost all of the Mikro Group's transactions are carried out in Turkish lira, therefore no significant exchange rate differences arise.

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.

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 2023 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.

Interest rate risk

TeamSystem Group's financial structure calls for fixed rate debt for the **2028 Fixed Rate Notes** and variable rate

debt for the **2028 Floating Rate Notes**, **2028 Private Notes**, **2030 Private Notes**, **2029 PIYW PIK Toggle Notes**, and the **New RCF** credit facility.

The yield on the **2028 Floating Rate Notes**, the **2028 Private Notes** and the **2030 Private Notes** is tied to the 3-month Euribor rate (with a floor of 0.00%), plus a contractually established spread, or to the 6-month Euribor rate (with a floor of 0.00%), plus a contractually established 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 the interest rates payable on the Notes during 2023 had been 0.5% higher (with respect to the interest rate actually paid over during 2023), the financing costs of the Notes would have been approximately €3.4 million higher; if the interest rates payable on the Notes had been 0.50% lower (with respect to the interest rate actually paid during 2023), the financing costs of the Notes would have been approximately €3.4 million lower for the TeamSystem Group. It should also be noted that the above sensitivity calculation of the financial costs on the Notes took into account interest rate derivative contracts that the Group entered into during 2022 but which became effective during 2023. These derivative swap contracts (expiring in December 2025) stipulate that the TeamSystem Group pays a fixed interest rate and receives a variable interest rate based on the 3-month Euribor.

As regards the revolving credit facility, if interest rates payable on the RCF had been 0.5% higher during the course of 2023 (with respect to the interest rate actually paid during the course of 2023), finance costs would have been € 0.1 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 2023), the TeamSystem Group would have incurred around € 0.1 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.

The following procedures have been adopted to optimise cash flow management and reduce liquidity risk:

- maintenance of an adequate level of available liquidity;
- adoption of Cash-pooling at Group level;
- securing adequate credit lines;
- monitoring prospective liquidity conditions as part of the corporate planning process.

Despite the Group's high degree of leverage and the uncertain macroeconomic scenarios - including the ongoing Russian-Ukrainian conflict and the conflict between Israel and Hamas - liquidity is not an issue. The RCF facility itself, with a total available amount of € 180 million, remains undrawn at 31 December 2023. 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 2023 was 4,644 persons, broken down as follows:

	Average 2023	Average 2022	Change	31 Dec 2023	31 Dec 2022	Change
Managers	107	84	23	126	88	38
Middle managers / white collars	3,843	2,937	906	4,518	3,168	1,350
Total	3,950	3,021	929	4,644	3,256	1,388

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 2023 relative to 31 December 2022 is mainly due to the addition of employees of the companies acquired in 2023.

► INFORMATION PERTAINING TO THE ENVIRONMENT

Environmental issues are not crucial on account of the sector in which the Group operates which is characterised by a low environmental risk in comparison to other manufacturing and production businesses.

However, it should be noted that in recent years the Group has made it a priority to operate in a responsible and environmentally friendly manner in order to reduce the impact of its activities on the outside world by

implementing various initiatives related to environmental protection and the promotion of shared prosperity. The Group recognises that it is part of an increasingly interconnected and interdependent world that must address serious issues related to environmental protection, climate change and the loss of biodiversity.

In this context, it is important to highlight that TeamSystem Group publishes an annual document called the "Impact Report", which outlines the methods used in its journey towards sustainability and the generation of shared prosperity. This report details the goals that have been achieved and sets additional goals for the future. The primary commitment is to achieve Net Zero emissions for Scopes 1 and 2 by 2025 and for Scope 3 by 2030. This will be achieved through a number of actions, including ensuring that 100% of TeamSystem's products are carbon neutral, improving energy efficiency and resource use, promoting renewable energy sources, offsetting carbon emissions through collaboration with the agricultural sector, evaluating all acquired companies based on ESG criteria, and investing 30% of total annual acquisitions in companies with a measurable impact.

► SUBSEQUENT EVENTS

■ Acquisition / Contribution of business units

TeamSystem 12 S.r.l.

In January 2024, the business units of the following companies were contributed to TeamSystem 12 S.r.l.:

- B&T Software & Service S.n.c.;
- Slware S.r.l.;
- Next S.r.l.;
- Nordest Informatica S.r.l.;
- Giesse Dati S.r.l.;
- Zuffellato Technologies S.r.l.;
- L'informatica S.r.l.;
- Isigest S.r.l.

In February 2024, the following business units were contributed to TeamSystem 12:

- Flor Informatica S.r.l.
- SI.EL.CO. S.r.l.

■ Integration of minority shareholders in the TeamSystem Group

In the course of early 2024, ADIA (a wholly owned subsidiary of the Abu Dhabi Investment Authority), CapitalG (Alphabet's independent growth fund), Silver Lake (a global leader in technology investments), acquired minority stakes in the TeamSystem Group. Hellman & Friedman (H&F) remains the majority shareholder after these transactions.

■ Conflict between Russia and Ukraine and Israel and Hamas

The conflicts between Russia and Ukraine and Israel and Hamas (both of which are still ongoing) and the ensuing international tensions dominated 2023.

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

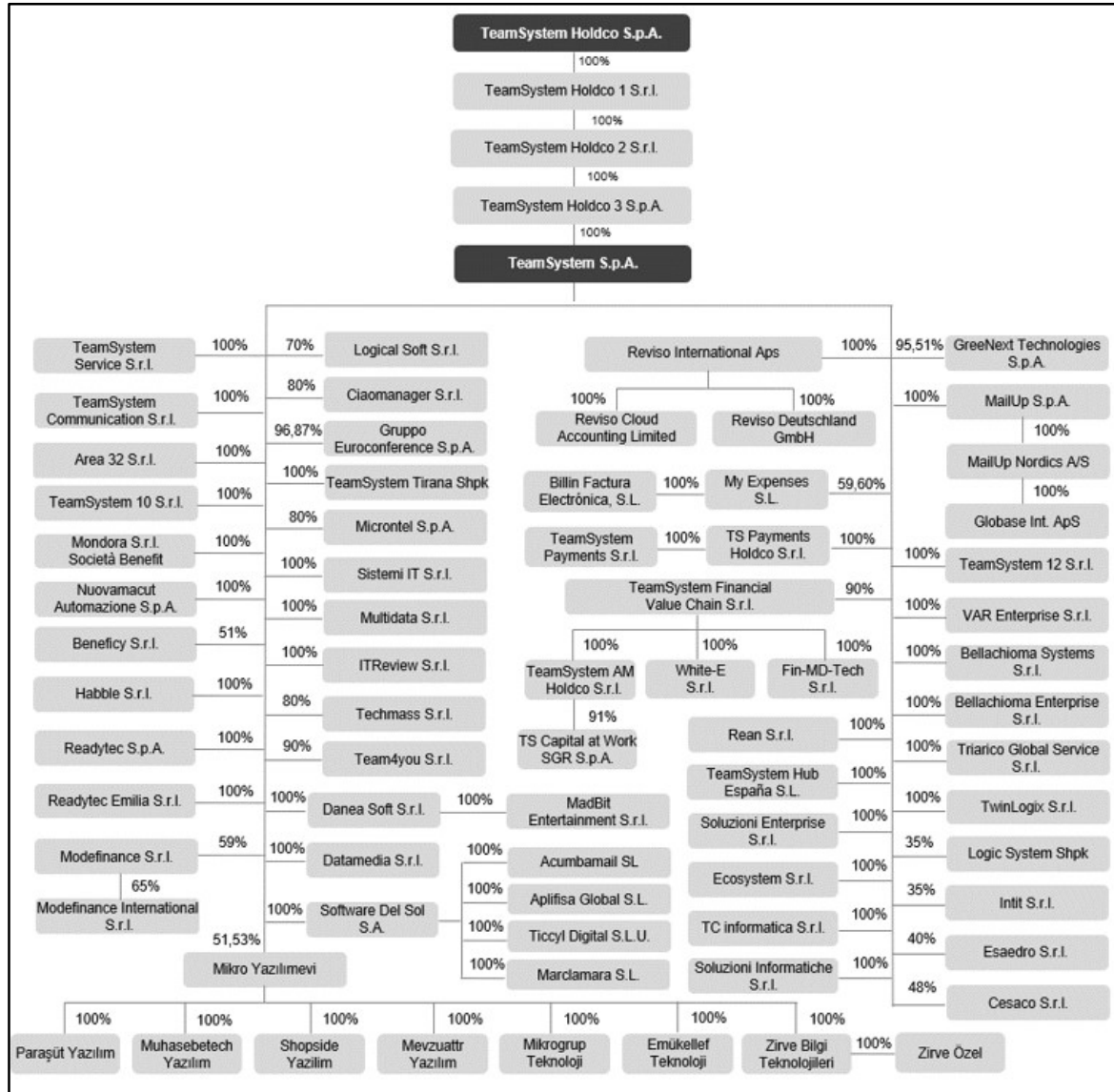
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► BUSINESS OUTLOOK

The 2023 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 the conflict between Israel and Hamas (and the consequent effects on the price of raw materials, particularly energy) could have an adverse effect on the current year compared to what was originally forecast.

TRANSACTIONS WITH SUBSIDIARIES, ASSOCIATES AND PARENT COMPANIES

► STRUCTURE OF TEAMSYSYSTEM GROUP AT 31 DECEMBER 2023



Note:

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

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► SUBSIDIARIES

Key figures and a brief description of the Group companies are provided in the following table.

Amounts in Euro

CONSOLIDATED COMPANIES LINE BY LINE	Registered office	Country	Share capital	Equity	Currency	% held	% held with put/call options	Put / Call Options	Notes
TeamSystem Holdco S.p.A.	Pesaro	Italy	14,596,648	1,454,126,076	EUR				
TeamSystem Holdco 1 S.r.l.	Pesaro	Italy	3,000	1,455,082,917	EUR	100.00	100.00		
TeamSystem Holdco 2 S.r.l.	Pesaro	Italy	53,404	1,454,184,493	EUR	100.00	100.00		
TeamSystem Holdco 3 S.p.A.	Pesaro	Italy	50,000	1,443,048,285	EUR	100.00	100.00		
TeamSystem S.p.A.	Pesaro	Italy	24,000,000	1,333,680,192	EUR	100.00	100.00		
Techmass S.r.l.	Bassano del Grappa (VI)	Italy	11,538	1,369,440	EUR	80.00	100.00	1	
Area 32 S.r.l.	San Donà di Piave (VE)	Italy	10,000	1,372,311	EUR	100.00	100.00		
Beneficy S.r.l.	Roma	Italy	90,000	554,507	EUR	51.00	100.00	1	
Team4you S.r.l.	Ripalimosani (CB)	Italy	10,000	1,567,847	EUR	90.00	100.00	1	
Habble S.r.l.	Vecchiano (PI)	Italy	21,930	5,938,263	EUR	100.00	100.00		
Software del Sol S.A.	Mengibar (Jaén)	Spain	75,000	9,516,269	EUR	100.00	100.00		
Apifisa S.L.	Salamanca (Spagna)	Spain	30,600	1,482,992	EUR	100.00	100.00		
Ticcy Digital S.L.	Salamanca (Spagna)	Spain	3,216	2,010,945	EUR	100.00	100.00		
Marclamara S.L.	Madrid	Spain	3,000	197,096	EUR	100.00	100.00		
Acumbamail S.L.	Ciudad Real (Spagna)	Spain	4,500	328,739	EUR	100.00	100.00		
My Expenses S.L.	Madrid	Spain	73,074	870,590	EUR	59.60	100.00	1	
Bilin Factura Electronica S.L.	Bilbao	Spain	3,050	354,678	EUR	100.00	100.00		2
Logical Soft S.r.l.	Desio (MB)	Italy	200,000	7,551,517	EUR	70.00	100.00	1	
TeamSystem Service S.r.l.	Campobasso	Italy	200,000	74,512,451	EUR	100.00	100.00		
TeamSystem Communication S.r.l.	Civitanova Marche (MC)	Italy	23,300	1,019,565	EUR	100.00	100.00	1	
Danea Soft S.r.l.	Vigonza (PD)	Italy	100,000	79,905,046	EUR	100.00	100.00		
Madbit Entertainment S.r.l.	Treviolo (BG)	Italy	10,000	154,063,373	EUR	100.00	100.00		3
Nuovamacut Automazione S.p.A.	Bologna	Italy	108,000	40,373,385	EUR	100.00	100.00		
Gruppo Euroconference S.p.A.	Verona	Italy	300,000	37,985,221	EUR	96.87	96.87		4
Teamsystem Tirana	Tirana	Albania	10,000	54,591,067	LEK	100.00	100.00		
Reviso International ApS	Copenhagen	Denmark	50,011	(2,658,882)	DKK	100.00	100.00		
Reviso Cloud Accounting Limited	Reading	United Kingdom	1	53,206	GBP	100.00	100.00		5
Reviso Deutschland GmbH	Berlino	Germany	25,000	(11,822)	EUR	100.00	100.00		5
Mondora S.r.l.	Milano	Italy	105,000	279,496	EUR	100.00	100.00		
Voispeed UK Ltd	Saint Albans - UK	United Kingdom	N.A.	N.A.	N.A.	N.A.	N.A.		6
TeamSystem Financial Value Chain S.r.l.	Milano	Italy	4,931,373	13,558,124	EUR	90.00	100.00	1	
Whit-e S.r.l.	Milano	Italy	15,000	5,993,724	EUR	100.00	100.00		7
TeamSystem AM Holdco S.r.l.	Milano	Italy	10,000	912,646	EUR	100.00	100.00		7
TeamSystem Capital at Work SGR S.p.A.	Milano	Italy	100,000	1,102,024	EUR	91.00	91.00		8
FIN-MD-TECH SRL	Milano	Italy	50,000	68,760	EUR	100.00	100.00		7
TeamSystem Payments Holdco S.r.l.	Milano	Italy	10,000	3,000,907	EUR	100.00	100.00		
TeamSystem Payments S.r.l.	Milano	Italy	125,000	2,329,268	EUR	100.00	100.00		9
Modefinance S.r.l.	Trieste	Italy	210,000	6,602,600	EUR	59.00	100.00	1	
Modefinance International S.r.l.	Milano	Italy	100,000	347,079	EUR	65.00	100.00	1	10
TeamSystem 10 S.r.l.	Milano	Italy	12,500	2,769,510	EUR	100.00	100.00		
ITReview S.r.l.	Noventa Padovana (PD)	Italy	50,000	1,337,813	EUR	100.00	100.00		
Ciaomanager S.r.l.	Trento (TN)	Italy	8,350	384,577	EUR	80.00	100.00	1	
Readytec S.p.A.	Chiusi (SI)	Italy	835,058	4,887,341	EUR	100.00	100.00		
Readytec Emilia S.r.l.	Milano	Italy	10,000	2,784,393	EUR	100.00	100.00		
Microntel S.p.A.	Torino	Italy	1,500,000	7,764,906	EUR	80.00	100.00	1	
TeamSystem 12 S.r.l.	Milano	Italy	10,000	9,579	EUR	100.00	100.00		
VAR Enterprise S.r.l.	Molfetta (BA)	Italy	10,000	157,344	EUR	100.00	100.00		
Bellachioma Systems S.r.l.	San Benedetto del Tronto (AP)	Italy	52,000	1,689,278	EUR	100.00	100.00		
Bellachioma Enterprise S.r.l.	San Benedetto del Tronto (AP)	Italy	10,000	84,206	EUR	100.00	100.00		
Triarico Global Service S.r.l.	Monopoli (BA)	Italy	20,000	260,102	EUR	100.00	100.00		
TwinLogix S.r.l.	Cesena (FC)	Italy	40,000	(133,661)	EUR	100.00	100.00		
Datamedia S.r.l.	Reggio Calabria	Italy	10,000	466,440	EUR	100.00	100.00		
Rean Srl	Milano	Italy	2,510,000	22,908,562	EUR	100.00	100.00		
TeamSystem Hub España S.L.	Barcelona	Spain	130,000	30,314	EUR	100.00	100.00		
Soluzioni Enterprise	Milano	Italy	10,000	999,184	EUR	100.00	100.00		
Ecosystem S.r.l.	Bergamo	Italy	11,000	1,617,724	EUR	100.00	100.00		
TC Informatica S.r.l.	Palermo	Italy	10,000	(293,314)	EUR	100.00	100.00		
Soluzioni Informatiche S.r.l.	Spresiano (TV)	Italy	10,000	334,982	EUR	100.00	100.00		
Multidata S.r.l.	Prato	Italy	80,000	2,649,579	EUR	100.00	100.00		
Greenext S.r.l.	Torino	Italy	1,000,000	4,598,054	EUR	95.51	100.00		
Sistemi IT S.r.l.	Lurago Marinone (CO)	Italy	99,000	1,256,990	EUR	100.00	100.00		
MailUP S.p.A.	Milano	Italy	300,000	1,559,471	EUR	100.00	100.00		
MailUP Nordics A/S	Copenhagen	Denmark	500,000	4,787,989	DKK	100.00	100.00		11
Globase International A.p.S.	Copenhagen	Denmark	125,000	(1,156,311)	DKK	100.00	100.00		12
Mikro Yazilmevi Yazilim Hizmetleri Bilgisai	Instanbul	Turkey	153,451,327	572,282,236	TRY	51.53	100.00	1	
Zirve Bilgi Teknolojileri Sanayi Ticaret A.Ş.	Ankara	Turkey	7,500,000	29,879,188	TRY	100.00	100.00		13
Paraşüt Yazilim Teknolojileri A.Ş.	Instanbul	Turkey	3,600,000	(20,427,420)	TRY	100.00	100.00		13
Muhasebetech Yazilim A.Ş.	Instanbul	Turkey	50,000	(4,220,635)	TRY	100.00	100.00		13
Shopside Yazilim Teknolojileri A.Ş.	Ankara	Turkey	110,000	(12,694,347)	TRY	100.00	100.00		13
Mevzuatlr Yazilim A.Ş.	Instanbul	Turkey	50,000	(3,215,303)	TRY	100.00	100.00	1	13
Zirve Özel Entegrasyon Yazilim Hizm.A.Ş.	Instanbul	Turkey	50,000	(262,170)	TRY	100.00	100.00		13
Mikrogrup Teknoloji Destek Hizmetleri A.Ş.	Instanbul	Turkey	3,000,000	2,862,152	TRY	100.00	100.00		13
Emkellef Teknoloji A.Ş.	Instanbul	Turkey	50,000	886,485	TRY	100.00	100.00		13

(1) =equity interest would be 100% should put and call option agreements be exercised;

(2) =investment held by My Expenses;

(3) = investment held by Danea Soft;

(4) =takes account of treasury shares held by Gruppo Euroconference S.p.A.;

(5) = investments held by Reviso International ApS;

(6) = investment sold by TeamSystem Communication in October 2023;

(7) =investment held by TeamSystem Financial Value Chain;

(8) =investment held by TeamSystem AM Holdco S.r.l.;

(9) =investment held by TeamSystem Payments Holdco;

(10) =investment held by Modefinance;

(11) =investment held by MailUP,

(12) =investment held by MailUP Nordics

(13) =investments held by Mikro Yazilmevi.

As described in the section of the consolidated financial statements on the principles of consolidation, 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 2023

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

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

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

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

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

Vehicle company set up in connection with the acquisition of the TeamSystem Group in 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 activity of this investee is providing training and professional updates (both classroom training and online) for accountants, lawyers, labour consultants, tax advisors 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 currently holds the entire share capital). The company's main activities are the resale of and support, training and consulting for CAD/PLM software solutions. It is also 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 opportunity to outsource lower value added activities. In 2014, TeamSystem Service began selling electronic invoicing services to the Public Administration and digital storage and substitution services for invoices.

TeamSystem Communication S.r.l.

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.

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 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 as it adds 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. Reviso

International holds control of the following two companies: Reviso Cloud Accounting Limited and Reviso Deutschland.

Mondora S.r.l.

In June 2016, TeamSystem S.p.A. acquired a majority interest in Mondora S.r.l. In 2023, Mondora spun off its software development business unit, which was merged by absorption into TeamSystem S.p.A.

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.

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

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.

In March 2023, Software Del Sol S.A. acquired:

- 1) a 100% interest in Aplifisa S.L.U., a company that markets software solutions for the accountants' market in Spain.
- 2) a 100% interest in Ticcyl Digital S.L.U., the company that holds Aplifisa's research and development structure.
- 3) a 100% interest in Marclamara S.L. Marclamara S.L. owns a digital platform that provides ancillary services (training, webinars, etc.) for the accountants' market in Spain.

In July 2023, Software Del Sol acquired a 100% interest in Acumbamail S.L., a company operating in the email service provider sector.

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.

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 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. Over the course of 2022 and 2023, the business units of some TeamSystem software dealers were contributed to TeamSystem 10 S.r.l.

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 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.

Readytec S.p.A.

In January 2023, TeamSystem S.p.A. acquired a 100% controlling interest in Readytec S.p.A., a TeamSystem software dealer.

Readytec Emilia S.r.l.

In January 2023, TeamSystem S.p.A. acquired a 100% controlling interest in Readytec Emilia S.r.l., a TeamSystem software dealer.

Sistemi IT S.r.l.

In January 2023, TeamSystem S.p.A. acquired a 100% controlling interest in Sistemi IT S.r.l., a TeamSystem software dealer.

Sigma Sistemi S.r.l.

In January 2023, TeamSystem S.p.A. acquired a 100% controlling interest in Sigma Sistemi S.r.l., a developer of IaaS software solutions and a TeamSystem software dealer.

Microntel S.p.A.

In February 2023, TeamSystem S.p.A. acquired a 80.00% controlling interest in Microntel S.p.A., a company that develops and sells HR software. In December 2023, Microntel merged by absorption its subsidiary Euroges S.r.l.

Multidata S.r.l.

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

GreeNext Technologies S.p.A.

In May 2023, TeamSystem S.p.A. acquired a 95.51% controlling interest in GreeNext Technologies S.p.A., a company that develops and sells software for waste management.

Unitssystem Shpk / TeamSystem Tirana

In May 2023, TeamSystem S.p.A. acquired a 100% controlling interest in Unitsystem Shpk, a company based in Tirana, Albania, engaged in the design, implementation and development of information systems and application programmes.

Following the acquisition, Unitsystem Shpk changed its name to TeamSystem Tirana.

MailUp S.p.A. (and its subsidiaries MailUp Nordics A/S, Globase International A.p.S.)

In July 2023, TeamSystem S.p.A. acquired 100% of MailUp S.p.A., a company operating in the email service provider sector. MailUp holds 100% of the share capital of MailUp Nordics, which in turn controls 100% of Globase International A.p.S.

Mikro Yazılımevi Yazılım Hizmetleri Bilgisayar Sanayi ve Ticaret A.Ş. (the “Mikro Group”)

In September 2023, TeamSystem S.p.A. acquired a controlling interest in Mikro Yazılımevi A.Ş., a company that sells software solutions for the tax advisor, micro business, ERP market and other accessory products in Turkey.

Mikro Yazılımevi A.Ş. holds:

- a 100% interest in PARAŞÜT YAZILIM TEKNOLOJİLERİ A.Ş.
- a 100% interest in Muhasebetech Yazılım A.Ş.
- a 100% interest in Shoptside Yazılım Teknolojileri A.Ş.
- a 100% interest in Mikrogrup Teknoloji Destek Hizmetleri A.Ş.
- a 100% interest in eMükellef Teknoloji A.Ş.
- a 100% interest in Zirve Bilgi Teknolojileri Sanayi Ticaret A.Ş., which holds a 100% interest in Zirve Özel Entegrasyon Yazılım Hizm A.Ş.
- a 100% interest in MEVZUATTR YAZILIM A.Ş.

Var Enterprise S.r.l.

In September 2023, TeamSystem S.p.A. acquired a 100% controlling interest in Var Enterprise S.r.l., a TeamSystem software dealer.

Triarico Global Services S.r.l.

In October 2023, TeamSystem S.p.A. acquired a 100% controlling interest in Triarico Global Services S.r.l., a TeamSystem software dealer.

Twinlogix S.r.l.

In October 2023, TeamSystem S.p.A. acquired a 100% controlling interest in Twinlogix S.r.l., a company engaged in the research and development of software solutions.

Datamedia S.r.l.

In October 2023, TeamSystem S.p.A. acquired a 100% controlling interest in Datamedia S.r.l., a TeamSystem software dealer.

Rean S.r.l.

In October 2023, TeamSystem S.p.A. acquired a 100% controlling interest in Rean S.r.l., a TeamSystem software dealer.

TeamSystem Hub España S.L.

In October 2023, TeamSystem S.p.A. acquired a 100% controlling interest in TeamSystem Hub España S.L., a TeamSystem software dealer based in Spain.

Bellachioma Systems S.r.l., Bellachioma Enterprise S.r.l.

In October 2023, TeamSystem S.p.A. acquired a 100% controlling interest in Bellachioma Systems S.r.l., and a 100% controlling interest in Bellachioma Enterprise S.r.l. Both companies are TeamSystem software dealers.

Soluzioni Enterprise S.r.l.

In November 2023, TeamSystem S.p.A. acquired a 100% controlling interest in Soluzioni Enterprise S.r.l., a TeamSystem software dealer.

Ecosystem S.r.l.

In November 2023, TeamSystem S.p.A. acquired a 100% controlling interest in Ecosystem S.r.l., a TeamSystem software dealer.

TC Informatica S.r.l.

In November 2023, TeamSystem S.p.A. acquired a 100% controlling interest in TC Informatica S.r.l., a TeamSystem software dealer.

Soluzioni Informatiche S.r.l.

In December 2023, TeamSystem S.p.A. acquired a 100% controlling interest in Soluzioni Informatiche S.r.l., a TeamSystem software dealer.

TeamSystem 12 S.r.l.

In December 2023, TeamSystem S.p.A. set up a company called TeamSystem 12 S.r.l.

► ASSOCIATED COMPANIES

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

Amounts in Euro

CONSOLIDATED COMPANIES								
EQUITY METHOD	Registered office	Country	Share capital	Equity	Currency	% held	Put / Call Options	Notes
Esaedro S.r.l. (*)	Parma	Italy	20,800	500,603	EUR	40.00		
INTIT S.r.l. (*)	Frosinone	Italy	20,800	299,041	EUR	35.00		
Cesaco S.r.l. (*)	Vicenza	Italy	90,000	25,384	EUR	48.00		
Innova S.r.l. (*)	Matera	Italy	714,288	1,547,950	EUR	20.00		
Logic System SHPK (**)	Tirana	Albania	N.A.	N.A.	LEK	35.00	14	

(*) = figures updated to 31 December 2022 financial statements.

(**) = new incorporated company

(14) = negotiated put/call options contracts that allow TeamSystem Group to reach 100% ownership

Details of balances and transactions with associated companies during 2023 are set out below.

ASSOCIATED COMPANIES	Trade and Other receivables	Financial receivables	Total	Trade and Other payables	Financial liabilities	Total
Esaedro	330		330	3		3
INTIT	47		47			
Innova	552		552	586		586
Total	929		929	589		589

ASSOCIATED COMPANIES	Total Revenues	Finance income	Total	Operating costs	Finance cost	Total
Esaedro	2,367		2,367	226		226
Innova	452		452	481		481
Total	2,819		2,819	706		706

□ □ □

► 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 2023 is audited by Deloitte & Touche S.p.A.

□ □ □

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

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

Euro thousands

CONSOLIDATED STATEMENT OF PROFIT OR LOSS	31 Dec 2023	31 Dec 2022	NOTES
Revenue	727,378	563,508	1 / 2
Other operating income	5,802	4,670	1 / 2
TOTAL REVENUE	733,180	568,178	1 / 2
Cost of raw and other materials	(55,701)	(51,410)	3
Cost of services	(177,326)	(139,739)	4
Personnel costs	(201,737)	(159,952)	5
Other operating costs	(5,132)	(3,882)	6
Depreciation and amortization of non current assets	(224,223)	(208,358)	11 / 12 / 13
Allowance for bad debts	(7,025)	(5,489)	20
Other provisions for risks and charges	(1,949)	(2,413)	25
Impairment of non current assets	-	(78,109)	
OPERATING RESULT	60,087	(81,173)	
Share of Profit (Loss) of associates	42	43	
Finance income	24,727	44,051	7
Finance cost	(179,749)	(124,415)	7
Monetary Net Gain (Loss)	15,539	0	8
PROFIT (LOSS) BEFORE INCOME TAXES	(79,353)	(161,493)	
Current income tax	(35,366)	(23,600)	9
Deferred income tax	39,500	38,555	9
TOTAL INCOME TAX	4,134	14,955	
CONSOLIDATED PROFIT (LOSS) FOR THE PERIOD	(75,219)	(146,538)	
(Profit) Loss - Non controlling interests	(75)	(3)	
PROFIT (LOSS) - OWNERS OF THE COMPANY	(75,295)	(146,541)	

Euro thousands

**CONSOLIDATED STATEMENT OF
COMPREHENSIVE INCOME**

	31 Dec 2023	31 Dec 2022	NOTES
CONSOLIDATE PROFIT (LOSS) FOR THE PERIOD	(75,219)	(146,538)	
Actuarial gain (loss) on defined benefit plans	(657)	4,387	24
Tax effect	123	(1,053)	
OTHER GAIN (LOSS) THAT WILL NOT BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS	(533)	3,334	
Exchange differences on translating foreign operations	(22,298)	(9)	
OTHER GAIN (LOSS) THAT WILL BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS	(22,298)	(9)	
TOTAL COMPREHENSIVE INCOME (LOSS)	(98,050)	(143,213)	
Total comprehensive (income) loss - Non controlling interests	(75)	(2)	
TOTAL COMPREHENSIVE INCOME (LOSS) - OWNER OF THE COMPANY	(98,125)	(143,215)	

Euro thousands

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS	31 Dec 2023	Restated 31 Dec 2022	NOTES
Tangible assets	16,820	16,203	11
Intangible assets	1,328,154	1,315,044	12
Right of use	27,826	24,063	13
Goodwill	2,139,665	1,806,633	14 /15
Other Investments	523	258	16
Investments in associates	868	216	16
Deferred tax assets	16,614	14,712	17
Other financial assets - non current	24,000	31,233	
TOTAL NON CURRENT ASSETS	3,554,471	3,208,361	
Inventories	1,736	1,111	19
Trade receivables	200,659	146,912	20
Tax receivables	1,796	961	21
Other receivables - current	62,638	37,383	22
Other financial assets - current	5,657	8,301	18
Cash and bank balances	46,695	145,523	
TOTAL CURRENT ASSETS	319,181	340,192	
TOTAL ASSETS	3,873,652	3,548,553	

Euro thousands

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EQUITY AND LIABILITIES	31 Dec 2023	Restated 31 Dec 2022	NOTES
Share capital	14,597	14,597	23
Other reserves	1,210,187	1,378,765	23
Retained earnings (accumulated losses)	(258)	(236)	23
Profit (Loss) attributable to Owners of the Company	(75,295)	(146,541)	23
TOTAL EQUITY attributable to OWNERS OF THE COMPANY	1,149,231	1,246,585	
Non controlling interests - Capital and reserves	830	800	23
Non controlling interests - Profit (Loss)	75	3	23
TOTAL NON CONTROLLING INTERESTS	905	803	
TOTAL EQUITY	1,150,137	1,247,388	
Financial liabilities with banks and other institutions - non current	1,919,420	1,615,769	18
Staff leaving indemnity	35,943	24,661	24
Provisions for risks and charges - non current	25,204	12,701	25
Deferred tax liabilities	310,235	309,593	17
Other liabilities - non current	342	389	27
TOTAL NON CURRENT LIABILITIES	2,291,144	1,963,113	
Financial liabilities with banks and other institutions - current	136,138	110,470	18
Trade payables	71,529	67,646	
Tax liabilities - current	11,293	8,928	26
Other liabilities - current	213,410	151,007	27
TOTAL CURRENT LIABILITIES	432,371	338,051	
TOTAL LIABILITIES	2,723,515	2,301,164	
TOTAL EQUITY AND LIABILITIES	3,873,652	3,548,553	

Euro thousands

CONSOLIDATED STATEMENT OF CASH FLOWS	31 Dec 2023	31 Dec 2022	NOTES
Operating Result	60,087	(81,173)	
Depreciation and amortisation of non-current assets	224,223	208,358	
Write-off of non current assets	0	78,109	
Depreciation and amortisation of non-current assets	224,223	286,467	
Trade receivables	(30,058)	(18,155)	
Inventories	211	(229)	
Other receivables	(5,328)	(3,790)	
Trade payables	(6,106)	1,668	
Other liabilities	4,486	20,371	
Change in Working capital	(36,795)	(135)	
Staff leaving indemnity	(1,433)	428	
Provisions for risks and charges	(1,080)	(1,262)	
Change in provisions	(2,514)	(834)	
Income tax paid	(33,752)	(25,481)	
CASH FLOWS FROM OPERATING ACTIVITIES	211,249	178,844	
Investments in tangible assets	(3,205)	(5,353)	
Investments in intangible assets	(15,591)	(13,834)	
Capitalized development costs - personnel costs	(18,858)	(11,946)	
Capitalized development costs - service costs	(4,346)	(5,217)	
Capital Expenditure	(42,000)	(36,350)	
Disposal of investments	25	0	
Cash and bank balances at the date of disposal	(232)	0	
Disposal of investments	(207)	0	
Acquisition of investments	(326,669)	(42,716)	10
Cash and bank balances at the date of acquisition	33,833	5,671	10
Acquisition of investments	(292,836)	(37,045)	
CASH FLOWS FROM INVESTING ACTIVITIES	(335,044)	(73,395)	
Rapayment of financial debt	(11,256)	(82,946)	
New financing	195,000	185,000	10
Financial charges paid	(111,400)	(68,867)	10
Financing Fees paid	(6,683)	(6,420)	10
Liabilities to non controlling shareholders of subsidiaries	(40,702)	(45,759)	10
Other equity movements	(3)	(16)	
CASH FLOWS FROM FINANCING ACTIVITIES	24,956	(19,007)	
INCREASE (DECREASE) IN CASH AND BANK BALANCES DUE TO EXCHANGE RATE MOVEMENTS	10	(10)	
INCREASE (DECREASE) IN CASH AND BANK BALANCES	(98,828)	86,433	
CASH AND BANK BALANCES - Beginning of the period	145,523	59,090	
CASH AND BANK BALANCES - End of the period	46,695	145,523	

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	Equity attributable to Non controlling interests	TOTAL EQUITY
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

	Share capital	Other reserves	Retained earnings (accumulated losses)	Profit (Loss) attributable to Owners of the Company	Equity attributable to Owners of the Company	Equity attributable to Non controlling interests	TOTAL EQUITY
31 Dec 2022	14,597	1,378,765	(236)	(146,541)	1,246,585	803	1,247,388
Profit (Loss) allocation		(146,519)	(22)	146,541	0		0
Acquisition of Subsidiaries					0	(253)	(253)
Other movements		(3)			(3)		(3)
Sale of minority stake in subsidiaries		998			998	27	1,025
Acquisition of minority stake in subsidiaries		(223)			(223)	253	30
Profit (Loss)				(75,295)	(75,294)	75	(75,219)
Other Profit (Loss) on comprehensive income		(22,831)			(22,831)	0	(22,831)
31 Dec 2023	14,597	1,210,187	(258)	(75,295)	1,149,231	905	1,150,137

TeamSystem Group

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

►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 providing 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 19 April 2024.

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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 TeamSystem 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 2023. 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 operations or similar transactions in 2023 or 2022, 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 2023. 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.
3. **A consolidated statement of financial position** at 31 December 2023. 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 some financial position at 31 December 2022 has been restated to reflect the final Purchase Price Allocation of some of the companies acquired in 2022.
4. **A consolidated statement of cash flows** for the year ended 31 December 2023. The statement of cash flows is presented using the indirect method starting with the operating result, as permitted by IAS 7, under which profit or loss for the year is adjusted for the effects of non-cash transactions, such as those arising from deferrals or allocations to provisions linked to previous or future costs and payments.
5. **A consolidated statement of changes in equity** for the year ended 31 December 2023.
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 set out in 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):

**TeamSystem Holdco S.p.A. and Subsidiary
companies
TeamSystem Group**

Amounts in Euro

CONSOLIDATED COMPANIES									
LINE BY LINE	Registered office	Country	Share capital	Equity	Currency	% held	% held with put/call options	Put / Call Options	Notes
TeamSystem Holdco S.p.A.	Pesaro	Italy	14,596,648	1,454,126,076	EUR				
TeamSystem Holdco 1 S.r.l.	Pesaro	Italy	3,000	1,455,082,917	EUR	100.00	100.00		
TeamSystem Holdco 2 S.r.l.	Pesaro	Italy	53,404	1,454,184,493	EUR	100.00	100.00		
TeamSystem Holdco 3 S.p.A.	Pesaro	Italy	50,000	1,443,048,285	EUR	100.00	100.00		
TeamSystem S.p.A.	Pesaro	Italy	24,000,000	1,333,680,192	EUR	100.00	100.00		
Technass S.r.l.	Bassano del Grappa (VI)	Italy	11,538	1,369,440	EUR	80.00	100.00	1	
Area 32 S.r.l.	San Donà di Piave (VE)	Italy	10,000	1,372,311	EUR	100.00	100.00		
Beneficy S.r.l.	Roma	Italy	90,000	554,507	EUR	51.00	100.00	1	
Team4you S.r.l.	Ripalimosani (CB)	Italy	10,000	1,567,847	EUR	90.00	100.00	1	
Habble S.r.l.	Vecchiano (PI)	Italy	21,930	5,938,263	EUR	100.00	100.00		
Software del Sol S.A.	Mengibar (Jaén)	Spain	75,000	9,516,269	EUR	100.00	100.00		
Apilifsa S.L.	Salamanca (Spagna)	Spain	30,600	1,482,992	EUR	100.00	100.00		
Ticcy Digital S.L.	Salamanca (Spagna)	Spain	3,216	2,010,945	EUR	100.00	100.00		
Marclamara S.L.	Madrid	Spain	3,000	197,096	EUR	100.00	100.00		
Acumbamail S.L.	Ciudad Real (Spagna)	Spain	4,500	328,739	EUR	100.00	100.00		
My Expenses S.L.	Madrid	Spain	73,074	870,590	EUR	59.60	100.00	1	
Bilfin Factura Electronica S.L.	Bilbao	Spain	3,050	354,678	EUR	100.00	100.00		2
Logical Soft S.r.l.	Desio (MB)	Italy	200,000	7,551,517	EUR	70.00	100.00	1	
TeamSystem Service S.r.l.	Campobasso	Italy	200,000	74,512,451	EUR	100.00	100.00		
TeamSystem Communication S.r.l.	Civitanova Marche (MC)	Italy	23,300	1,019,565	EUR	100.00	100.00	1	
Danea Soft S.r.l.	Vigonza (PD)	Italy	100,000	79,905,046	EUR	100.00	100.00		
Madbit Entertainment S.r.l.	Treviolo (BG)	Italy	10,000	154,063,373	EUR	100.00	100.00		3
Nuovamacut Automazione S.p.A.	Bologna	Italy	108,000	40,373,385	EUR	100.00	100.00		
Gruppo Euroconference S.p.A.	Verona	Italy	300,000	37,985,221	EUR	96.87	96.87		4
TeamSystem Tirana	Tirana	Albania	10,000	54,591,067	LEK	100.00	100.00		
Reviso International ApS	Copenhagen	Denmark	50,011	(2,658,882)	DKK	100.00	100.00		
Reviso Cloud Accounting Limited	Reading	United Kingdom	1	53,206	GBP	100.00	100.00		5
Reviso Deutschland GmbH	Berlino	Germany	25,000	(11,822)	EUR	100.00	100.00		5
Mondora S.r.l.	Milano	Italy	105,000	279,496	EUR	100.00	100.00		
Voispeed UK Ltd	Saint Albans - UK	United Kingdom	N.A.	N.A.	N.A.	N.A.	N.A.		6
TeamSystem Financial Value Chain S.r.l.	Milano	Italy	4,931,373	13,558,124	EUR	90.00	100.00	1	
Whit-e S.r.l.	Milano	Italy	15,000	5,993,724	EUR	100.00	100.00		7
TeamSystem AM Holdco S.r.l.	Milano	Italy	10,000	912,646	EUR	100.00	100.00		7
TeamSystem Capital at Work SGR S.p.A.	Milano	Italy	100,000	1,102,024	EUR	91.00	91.00		8
FIN-MD-TECH SRL	Milano	Italy	50,000	68,760	EUR	100.00	100.00		7
TeamSystem Payments Holdco S.r.l.	Milano	Italy	10,000	3,000,907	EUR	100.00	100.00		
TeamSystem Payments S.r.l.	Milano	Italy	125,000	2,329,268	EUR	100.00	100.00		9
Modefinance S.r.l.	Trieste	Italy	210,000	6,602,600	EUR	59.00	100.00	1	
Modefinance International S.r.l.	Milano	Italy	100,000	347,079	EUR	65.00	100.00	1	10
TeamSystem 10 S.r.l.	Milano	Italy	12,500	2,769,510	EUR	100.00	100.00		
ITReview S.r.l.	Noventa Padovana (PD)	Italy	50,000	1,337,813	EUR	100.00	100.00		
Ciamanager S.r.l.	Trento (TN)	Italy	8,350	384,577	EUR	80.00	100.00	1	
Readytec S.p.A.	Chiusi (SI)	Italy	835,058	4,887,341	EUR	100.00	100.00		
Readytec Emilia S.r.l.	Milano	Italy	10,000	2,784,393	EUR	100.00	100.00		
Microntel S.p.A.	Torino	Italy	1,500,000	7,764,906	EUR	80.00	100.00	1	
TeamSystem 12 S.r.l.	Milano	Italy	10,000	9,579	EUR	100.00	100.00		
VAR Enterprise S.r.l.	Molfetta (BA)	Italy	10,000	157,344	EUR	100.00	100.00		
Bellachioma Systems S.r.l.	San Benedetto del Tronto (AP)	Italy	52,000	1,689,278	EUR	100.00	100.00		
Bellachioma Enterprise S.r.l.	San Benedetto del Tronto (AP)	Italy	10,000	84,206	EUR	100.00	100.00		
Triarico Global Service S.r.l.	Monopoli (BA)	Italy	20,000	260,102	EUR	100.00	100.00		
TwinLogix S.r.l.	Cesena (FC)	Italy	40,000	(133,661)	EUR	100.00	100.00		
Datamedia S.r.l.	Reggio Calabria	Italy	10,000	466,440	EUR	100.00	100.00		
Rean Srl	Milano	Italy	2,510,000	22,908,562	EUR	100.00	100.00		
TeamSystem Hub España S.L.	Barcelona	Spain	130,000	30,314	EUR	100.00	100.00		
Soluzioni Enterprise	Milano	Italy	10,000	999,184	EUR	100.00	100.00		
Ecosystem S.r.l.	Bergamo	Italy	11,000	1,617,724	EUR	100.00	100.00		
TC Informatica S.r.l.	Palermo	Italy	10,000	(293,314)	EUR	100.00	100.00		
Soluzioni Informatiche S.r.l.	Spresiano (TV)	Italy	10,000	334,982	EUR	100.00	100.00		
Multidata S.r.l.	Prato	Italy	80,000	2,649,579	EUR	100.00	100.00		
Greenext S.r.l.	Torino	Italy	1,000,000	4,598,054	EUR	95.51	100.00		
Sistemi IT S.r.l.	Lurago Marinone (CO)	Italy	99,000	1,256,990	EUR	100.00	100.00		
MailUP S.p.A.	Milano	Italy	300,000	1,559,471	EUR	100.00	100.00		
MailUp Nordics A/S	Copenhagen	Denmark	500,000	4,787,989	DKK	100.00	100.00		11
Globase International A.p.S.	Copenhagen	Denmark	125,000	(1,156,311)	DKK	100.00	100.00		12
Mikro Yazilimevi Yazilim Hizmetleri Bilgisay	İstanbul	Turkey	153,451,327	572,282,236	TRY	51.53	100.00	1	
Zirve Bilgi Teknolojileri Sanayi Ticaret A.Ş.	Ankara	Turkey	7,500,000	29,879,188	TRY	100.00	100.00		13
Paraşüt Yazılım Teknolojileri A.Ş.	İstanbul	Turkey	3,600,000	(20,427,420)	TRY	100.00	100.00		13
Muhasebeteç Yazılım A.Ş.	İstanbul	Turkey	50,000	(4,220,635)	TRY	100.00	100.00		13
Shopside Yazılım Teknolojileri A.Ş.	Ankara	Turkey	110,000	(12,694,347)	TRY	100.00	100.00		13
Mevzuatçı Yazılım A.Ş.	İstanbul	Turkey	50,000	(3,215,303)	TRY	100.00	100.00	1	13
Zirve Özel Entegrasyon Yazılım Hizm.A.Ş.	İstanbul	Turkey	50,000	(262,170)	TRY	100.00	100.00		13
Mikrogrup Teknoloji Destek Hizmetleri A.Ş.	İstanbul	Turkey	3,000,000	2,862,152	TRY	100.00	100.00		13
Emikellef Teknoloji A.Ş.	İstanbul	Turkey	50,000	886,485	TRY	100.00	100.00		13

Amounts in Euro

CONSOLIDATED COMPANIES									
EQUITY METHOD	Registered office	Country	Share capital	Equity	Currency	% held		Put / Call Options	Notes
Esaedro S.r.l. (*)	Parma	Italy	20,800	500,603	EUR	40.00			
INTIT S.r.l. (*)	Frosinone	Italy	20,800	299,041	EUR	35.00			
Cesaco S.r.l. (*)	Vicenza	Italy	90,000	25,384	EUR	48.00			
Innova S.r.l. (*)	Matera	Italy	714,288	1,547,950	EUR	20.00			
Logic System SHPK (**)	Tirana	Albania	N.A.	N.A.	LEK	35.00		14	

(*) = figures updated to 31 December 2022 financial statements.

(**) = new incorporated company

(14) = negotiated put/call options contracts that allow TeamSystem Group to reach 100% ownership

(1) =equity interest would be 100% should put and call option agreements be exercised;

(2) =investment held by My Expenses;

(3) = investment held by Danae Soft;

(4) =takes account of treasury shares held by Gruppo Euroconference S.p.A.;

- (5) = investments held by Reviso International ApS;
- (6) = investment sold by TeamSystem Communication in October 2023;
- (7) = investment held by TeamSystem Financial Value Chain;
- (8) = investment held by TeamSystem AM Holdco S.r.l.;
- (9) = investment held by TeamSystem Payments Holdco;
- (10) = investment held by Modefinance;
- (11) = investment held by MailUP;
- (12) = investment held by MailUP Nordics
- (13) = investments held by Mikro Yazilmevi.

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 with it, and therefore, 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 2023

The following acquisitions / sales were completed in 2023, resulting in a change in the scope of consolidation compared to 31 December 2022:

TeamSystem 10 S.r.l.

The business unit (which focuses on accounting firm segment) of the dealer Alpha Team S.r.l. was transferred to TeamSystem 10 with an effective date of 1 January 2023.

In addition, the business units of the following companies were transferred to TeamSystem 10 S.r.l. in mid-January 2023:

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

Readytec S.p.A.

In January 2023, TeamSystem S.p.A. acquired a 100% controlling interest in Readytec S.p.A., a TeamSystem software dealer.

Readytec Emilia S.r.l.

In January 2023, TeamSystem S.p.A. acquired a 100% controlling interest in Readytec Emilia S.r.l., a TeamSystem software dealer.

Sistemi IT S.r.l.

In January 2023, TeamSystem S.p.A. acquired a 100% controlling interest in Sistemi IT S.r.l., a TeamSystem software dealer.

Sigma Sistemi S.r.l.

In January 2023, TeamSystem S.p.A. acquired a 100% controlling interest in Sigma Sistemi S.r.l., a developer of IaaS software solutions and a TeamSystem software dealer.

Microntel S.p.A. (and Euroges S.r.l.)

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

Multidata S.r.l.

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

Aplifisa S.L.U., Ticcyl Digital S.L.U. and Marclamara S.L.

In March 2023, Software Del Sol S.A. acquired:

- 1) a 100% interest in Aplifisa S.L.U., a company that markets software solutions for the accountants' market in Spain.
- 2) a 100% interest in Ticcyl Digital S.L.U., the company that holds Aplifisa's research and development structure.

3) a 100% interest in Marclamara S.L. Marclarama S.L. owns a digital platform that provides ancillary services (training, webinars, etc.) for the accountants' market in Spain.

GreeNext Technologies S.p.A.

In May 2023, TeamSystem S.p.A. acquired a 95.51% controlling interest in GreeNext Technologies S.p.A., a company that develops and sells software for waste management.

Unitsystem Shpk / TeamSystem Tirana

In May 2023, TeamSystem S.p.A. acquired a 100% controlling interest in Unitsystem Shpk, a company based in Tirana, Albania, engaged in the design, implementation and development of information systems and application programmes.

Following the acquisition, Unitsystem Shpk changed its name to TeamSystem Tirana.

MailUp S.p.A., MailUp Nordics A/S, Globase International A.p.S.

In July 2023, TeamSystem S.p.A. acquired 100% of MailUp S.p.A., a company operating in the email service provider sector. MailUp holds 100% of the share capital of MailUp Nordics, which in turn controls 100% of Globase International A.p.S.

Acumbamail S.L.

In July 2023, Software Del Sol acquired a 100% interest in Acumbamail S.L., a company operating in the email service provider sector.

Mikro Yazilimevi Yazılım Hizmetleri Bilgisayar Sanayi ve Ticaret A.Ş. (the "Mikro Group")

In September 2023, TeamSystem S.p.A. acquired a controlling interest of 51.534% in Mikro Yazilimevi A.Ş., a company that sells software solutions for the tax advisor, micro business, ERP market and other products in Turkey.

Mikro Yazilimevi A.Ş. holds:

- a 100% interest in PARAŞÜT YAZILIM TEKNOLOJİLERİ A.Ş.
- a 100% interest in Muhasebetech Yazilim A.Ş.
- a 100% interest in Shoptside Yazilim Teknolojileri A.Ş.
- a 100% interest in Mikrogrup Teknoloji Destek Hizmetleri A.Ş.
- a 100% interest in eMükellef Teknoloji A.Ş.
- a 100% interest in Zirve Bilgi Teknolojileri Sanayi Ticaret A.Ş., which holds a 100% interest in Zirve Özel Entegrasyon Yazilim Hizm A.Ş.
- a 60% interest in MEVZUATTR YAZILIM A.Ş. (100% starting in October 2023).

Var Enterprise S.r.l.

In September 2023, TeamSystem S.p.A. acquired a 100% controlling interest in Var Enterprise S.r.l., a TeamSystem software dealer.

Triarico Global Services S.r.l.

In October 2023, TeamSystem S.p.A. acquired a 100% controlling interest in Triarico Global Services S.r.l., a TeamSystem software dealer.

Twinlogix S.r.l.

In October 2023, TeamSystem S.p.A. acquired a 100% controlling interest in Twinlogix S.r.l., a company engaged in the research and development of software solutions.

Datamedia S.r.l.

In October 2023, TeamSystem S.p.A. acquired a 100% controlling interest in Datamedia S.r.l., a TeamSystem software dealer.

Rean S.r.l.

In October 2023, TeamSystem S.p.A. acquired a 100% controlling interest in Rean S.r.l., a TeamSystem software dealer.

TeamSystem Hub España S.L.

In October 2023, TeamSystem S.p.A. acquired a 100% controlling interest in TeamSystem Hub España S.L., a TeamSystem software dealer based in Spain.

Bellachioma Systems S.r.l., Bellachioma Enterprise S.r.l.

In October 2023, TeamSystem S.p.A. acquired a 100% controlling interest in Bellachioma Systems S.r.l., and a 100% controlling interest in Bellachioma Enterprise S.r.l. Both companies are TeamSystem software dealers.

Soluzioni Enterprise S.r.l.

In November 2023, TeamSystem S.p.A. acquired a 100% controlling interest in Soluzioni Enterprise S.r.l., a TeamSystem software dealer.

Ecosystem S.r.l.

In November 2023, TeamSystem S.p.A. acquired a 100% controlling interest in Soluzioni Ecosystem S.r.l., a TeamSystem software dealer.

TC Informatica S.r.l.

In November 2023, TeamSystem S.p.A. acquired a 100% controlling interest in TC Informatica S.r.l., a TeamSystem software dealer.

Soluzioni Informatiche S.r.l.

In December 2023, TeamSystem S.p.A. acquired a 100% controlling interest in Soluzioni Informatiche S.r.l., a TeamSystem software dealer.

Bitech – Software “Arca”

In December 2023, TeamSystem S.p.A. acquired from Bitech Software e Digital S.r.l. the "Arca" business unit, which provides IT management for the production and distribution areas of medium-sized companies.

TeamSystem 12 S.r.l.

In December 2023, TeamSystem S.p.A. set up a company called TeamSystem 12 S.r.l.

Sale of the investment in Voispeed

In October 2023, TeamSystem Communication sold its investment in Voispeed.

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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/controlling 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 - HYPERINFLATIONARY ECONOMIES

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 (except for balances related to entities subject to IAS 29 "Financial Reporting in Hyperinflationary Economies," for which the year-end rate is applied even for non-monetary balances). 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 2023 that use a currency other than the euro are the following:

- Reviso Cloud Accounting Limited, which uses the British pound (GBP) as their functional currency;
- Reviso International ApS, MailUp Nordics A/S and Globase International A.p.S. using Danish Kroner (DKK) as their functional currency;
- TeamSystem Tirana uses the Lek (LEK) as its functional currency;
- Mikro Group companies which use the Turkish lira (TRY) as their functional currency.

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

EXCHANGE RATES						
	Average 2023	Average 2022	%	31 Dec 2023	31 Dec 2022	%
DKK	7.45	7.44	0.1%	7.45	7.44	0.1%
GBP	0.87	0.85	2.4%	0.87	0.89	-2.2%
LEK	108.78	N.A.		103.79	N.A.	
TRY	N.A.	N.A.		32.65	N.A.	

Hyperinflationary economies

The Group has subsidiaries in Turkey. Following an extended period of monitoring inflation rates in Turkey, a consensus has been reached on the existence of conditions indicative of hyperinflation. As a result, the accounting standard IAS 29 "Financial reporting in hyperinflationary economies" has been applied to translate the accounts of the Turkish subsidiaries. In particular, in accordance with this standard, the restatement of the financial statements as a whole requires the application of specific procedures whereby, with reference to the profit or loss, all items are restated by applying the change in the general price level that occurred between the date on which the income and expenses were initially recognised in the financial statements and the balance sheet date.

With regard to the statement of financial position, monetary items have not been restated as they were already stated at the current measuring unit at the end of the reporting period; instead, non-monetary assets and liabilities have been revalued from the date on which the assets and liabilities were initially recognised to the balance sheet date. The contra-entry for the above-mentioned revaluations was recorded in a dedicated line in the income statement called 'Monetary Net Gain (Loss)'.

For the purposes of translating both the profit or loss and statement of financial position as restated above into euro, the spot exchange rate at the end of the reporting period was applied for both profit or loss and statement of financial position balances (instead of the average exchange rate for the period for the latter).

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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 2023.

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 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 relationships represent the set of contractual (supply contracts, service contracts, etc.) and non-contractual relationships maintained with customers and were valued using the Multi-Period Excess Earnings Method ('MPEEM'). The MPEEM is based on the principle that, since the target company's current income must be allocated in full to the assets identified when allocating the acquisition price, the income pertaining to the strategic (or dominant) asset can be derived by difference by deducting the normal remuneration of all other assets (tangible, intangible and working capital) from the total income. The MPEEM is therefore based on a stratification principle that conceives corporate income as the sum of the normal income that each asset contributes to generate. A necessary and most critical step in the application of MPEEM is the identification of the Contributory Assets that support the dominant strategic asset in generating profit. The most common Contributory Assets are net working capital, property, plant and equipment, other intangibles identified separately from goodwill, and intangibles that are not separable from goodwill but still constitute Contributory Assets (e.g. workforce).

The main parameters considered by the Group for the purposes of applying the MPEEM are: revenues, growth rate ("g-rate"), Churn rate, Ebitda margin, Discount rate (WACC + Spread).

The amortisation process is distributed over the useful life of the asset, estimated between a maximum of thirteen years and a minimum of eight years.

Proprietary software

The proprietary software that emerged when accounting for the acquisition of the TeamSystem Group (which took place in February 2021), and subsequent acquisitions made by Group companies, were valued based on the Relief from Royalties ("RFR") method. The RFR method takes the form of discounting the royalty flows that the market would be willing to pay to the owner of the software in order to license the right to use it.

In the absence of precise contractual references, these flows are calculated by applying a royalty rate to the turnover that the company owning the software believes it will realise in a period of time that is considered congruous. The royalty rate is derived from an analysis of market transactions involving comparable assets. In applying this method, any synergies assumed by a third party should be disregarded. The value of the asset is represented by the sum of the present values of the income flows determined as described above. The main parameters considered by the Group for the application of the RFR are: revenues, royalty rate, useful life, discount rate (WACC + Spread).

These intangible software assets are amortised over their estimated useful life of five years.

Additional proprietary software developed in-house for internal use is capitalised at production cost and is amortised over its estimated remaining useful life of five 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

Brands arising from the accounting of the acquisition of the TeamSystem Group (which took place in February 2021), and subsequent acquisitions made by Group companies have been valued using the Relief from Royalties ("RFR") method, as described above, and are amortised over their estimated remaining useful life of between twenty years and ten years.

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:

Goodwill	Indefinite useful life
Brands	10 - 20 years
Customer relationship	8 - 13 years
Proprietary software	5 years
Development costs	3 - 5 years

Tangible fixed assets

Tangible fixed assets, consisting mainly of land, buildings, electronic machines, furniture and fittings and general and specific plant are stated at purchase cost, net of accumulated depreciation and write-downs. Costs incurred subsequent to acquisition (repairs, maintenance and replacement costs) are included in the carrying value of an asset or recognised as a separate asset only when it is probable that future economic benefits associated with the asset will be generated and the cost of the asset can be measured reliably. 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 inception of the contract. 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 interest rate that a lessee would have to pay to borrow, over a similar period and with a similar guarantee, the funds necessary to obtain an asset of 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 considered the interest rate payable on comparable government bonds over the lease term and 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 includes an option to terminate the lease and the exercise of such an option 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 on the liability (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;
- 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 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

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 (3) 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 must initially be recognised at fair value, less (in the case of a financial liability that is not at FVTPL), transaction costs that are directly attributable to the issuance 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, the Group applies a model based on expected credit losses.

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.

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 set out in IFRS 15, net of an allowance recognised to take account of their expected realisable value, and that takes account of forecast expected credit losses as required by IFRS 9.

Cash and bank balances

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

Interest bearing financial liabilities

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

Trade and other payables

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

Foreign currency transactions

The functional and presentation currency of the Group companies is the euro. As required by IAS 21, items originally denominated in 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

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 set out in the reseller contract.

LTA (Temporary annual licences), 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. Deferred tax assets are recognised only if it is probable that sufficient taxable profits will be generated in future periods for their recovery.

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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.

The following operating segments have been identified within the TeamSystem 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 AND ASSUMPTIONS

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

Set out below is a listing of consolidated financial statement components that, more than others, require greater subjectivity, on the part of the Group, in the application of estimates and, for which, a change in the conditions of underlying assumptions used may give rise to 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 that may not reflect unforeseeable events. 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. In the process of allocating amounts to certain asset items, the Group applied estimates to determine their fair value. To determine fair value, the Group used valuation methods, including discounted cash flow. In

order to calculate the present value of future cash flows, it is necessary to make certain assumptions regarding uncertain issues, including management's expectations regarding:

- the marginality of customer portfolios
- the probability of renewal of customer contracts;
- the selection of the discount rate and growth rate.

- 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 throughout the year if there are indicators of impairment. 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.
- 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.
- 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 2023

The following accounting standards, amendments and IFRS interpretations are applicable to the Group for the first time starting on 1 January 2023:

- On 18 May 2017, the IASB issued **IFRS 17 – Insurance Contracts**, which replaces **IFRS 4 – Insurance Contracts**. The standard has been applied starting from 1 January 2023. 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 adoption of this standard and the related amendment has had no effect on the Group's consolidated financial statements.

- On 7 May 2021, the IASB issued “**Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction**”. The document clarifies how deferred taxes should be accounted for on certain transactions that can generate assets and liabilities of equal amounts at the date of initial recognition, such as leases and decommissioning obligations. The amendments were applied from 1 January 2023.
The adoption of this amendment had no significant effect on the Group's consolidated financial statements disclosure.

- 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 to IAS 1 require an entity to disclose relevant information on the accounting policies applied by the Group. The amendments are intended to improve the disclosure of the accounting standards applied by the Group to provide more useful information to investors and other primary
- On 23 May 2023, the IASB issued “**Amendments to IAS 12 Income Taxes: International Tax Reform - Pillar Two Model Rules**”. The document introduces a temporary exception to the recognition and disclosure requirements for deferred tax assets and liabilities related to the Pillar Two Model Rules (which are effective in Italy as of 31 December 2023, but applicable as of 1 January 2024) and includes specific disclosure requirements for entities affected by the related International Tax Reform.
The document provides for immediate application of the temporary exception, while the disclosure requirements only apply to annual financial statements for periods beginning on or after 1 January 2023, and not to interim financial statements with a reporting date before 31 December 2023. This amendment is not currently applicable to the Group and therefore has no impact on the Group's consolidated financial statements.

ACCOUNTING STANDARDS, AMENDMENTS AND IFRS INTERPRETATIONS ENDORSED BY THE EUROPEAN UNION AS OF 31 DECEMBER 2023, BUT NOT YET MANDATORILY APPLICABLE AND NOT ADOPTED EARLY BY THE GROUP AT 31 DECEMBER 2023

The following accounting standards, amendments and IFRS interpretations have been endorsed by the European Union, but are not yet mandatorily applicable and have not been adopted early by the Group at 31 December 2023:

- 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 also improve the information that an entity must provide when its right to defer settlement of a liability for at least twelve months is subject to compliance with certain parameters (i.e. covenants). The amendments are effective from 1 January 2024, although early application is permitted. The Directors do not believe there will be any significant impact on the Group's consolidated financial statements as a result of the adoption of this amendment.
- On 22 September 2022, the IASB issued “**Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback**”. The amendment 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 there will be any significant impact on the Group's consolidated financial statements as a result of the adoption of this amendment.

**ACCOUNTING STANDARDS, AMENDMENTS AND IFRS INTERPRETATIONS NOT YET
ENDORSED BY THE EUROPEAN UNION AS OF 31 DECEMBER 2023**

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 25 May 2023, the IASB issued “**Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements**”. The document requires an entity to provide additional disclosures about reverse factoring arrangements that enable users of financial statements to assess how supplier finance arrangements may affect the entity's liabilities and cash flows and to understand the effect of those arrangements on the entity's exposure to liquidity risk. The amendments will be effective for annual reporting periods beginning on or after 1 January 2024, with early application permitted. The Directors are currently evaluating the possible effects of the introduction of this amendment on the Group's consolidated financial statements.
- On 15 August 2023, the IASB issued “**Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability**”. The document requires an entity to apply a consistent methodology for verifying whether one currency is exchangeable into another and, when this is not possible, how to determine the exchange rate to be used and the disclosures to be made in the notes to the financial statements. The amendments will be effective beginning on or after 1 January 2025, with early application permitted. The Directors are currently evaluating the possible effects of the introduction of this amendment on the Group's consolidated financial statements.
- 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 Company/Group is not a first-time adopter, this standard is not applicable.

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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 ended 31 December 2023 amounts to € 733.2 million, and is comprised of Revenue of € 727.4 million and Other Revenue of € 5.8 million. Total revenue for the year ended 31 December 2022 was € 568.1million.

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 2023	31 Dec 2022
Over time	604.7	466.1
Point in time	128.6	102.0
TOTAL REVENUE	733.3	568.1

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 2023, were mostly 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 2023							
OPERATING SEGMENTS	ENT	PROF	MICRO	DIF	MSS	HR	TOTALE
TOTAL REVENUE	164.6	214.7	181.8	20.9	114.3	36.9	733.2
FIRST MARGIN	78.1	125.8	112.3	8.8	31.9	12.0	369.0
INDIRECT COSTS							(78.4)
CAPITALISED DEVELOP COSTS							23.2
ADJUSTED EBITDA							313.8

There are not revenue which are common to several operating segments.

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.

Indirect costs include costs that are not uniquely attributable to one or more business units and consist mainly of:

1. Personnel costs of the Group's support functions, specifically (i) Finance, Marketing and Technology; (ii) CEO Office; (iii) HR and General Services; (iv) Legal and Corporate Affairs and those not directly attributed to specific Business Units, such as, for example, the cost of the research and development team in relation to tools and applications used by the Group;
2. Costs for IT infrastructure, cybersecurity, compliance, Artificial Intelligence and Data;
3. Costs for rent, maintenance, utilities for the TeamSystem Group's operating sites;
4. Administrative, legal, tax, labour law and audit consultancy costs;
5. Costs for events, recruiting and training activities;
6. Costs for insurance, association memberships and board of statutory auditors fees;
7. Research and development costs that cannot be allocated to an individual Business Unit.

It should be noted that the First Margin is not identified as an accounting measure under the IFRS accounting standards adopted by the European Union. Consequently, the determination criterion applied by the Group may not be homogeneous with that adopted by other Groups and, therefore, the balance obtained may not be comparable with that determined by the latter.

Set out below is a reconciliation of Adjusted EBITDA to the Profit/(Loss) for the year. It should be noted that the **Adjusted EBITDA** 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.

Euro Thousand

	31 Dec 2023	31 Dec 2022
PROFIT (LOSS)	(75,219)	(146,538)
Income tax	(4,134)	(14,955)
Share of Profit (Loss) of associates	(42)	(43)
Financial income and expenses	155,022	80,363
Monetary Net Gain (Loss)	(15,539)	-
Other provisions for risks and charges	1,949	2,413
Depreciation and amortization of non current assets	224,223	208,358
Allowance for bad debts	7,025	5,489
Advisory expenses related to reorganization and cost saving projects	5,673	3,075
Personnel redundancy	2,729	1,588
Acquisitions and mergers costs	10,079	5,578
Settlements with clients and agents	1,771	3,527
Other cost - (income)	302	320
ADJUSTED EBITDA	313,838	227,282

In order to monitor the performance of the operating segments and the allocation of resources between the segments, the Group monitors the intangible assets (Software, Customer Relationship, Brand) and Goodwill attributable to each of them.

A breakdown of the Group's intangible assets and goodwill by operating segment is provided below:

Euro Millions

31 Dec 2023							
OPERATING SEGMENTS	ENT	PROF	MICRO	DIF	MSS	HR	TOTAL
Goodwill	459.9	590.7	764.6	126.6	76.6	121.3	2,139.7
Intangibles Assets	231.7	312.8	373.0	78.6	187.1	61.4	1,244.6
Total	691.6	903.5	1,137.7	205.2	263.7	182.7	3,384.3

3. COST OF RAW AND OTHER MATERIALS

	31 Dec 2023	31 Dec 2022	Change	% Change
Hardware purchases	12,609	11,771	838	7.1%
Third party' software	35,737	34,189	1,549	4.5%
Handbooks and forms	26	0	26	n.s.
Materials for education	107	99	8	8.1%
Fuel	3,019	2,135	884	41.4%
Other materials	4,165	3,560	605	17.0%
Change in inventory of raw materials	38	(345)	382	n.s.
Total	55,701	51,410	4,292	8.3%

The cost of raw and other materials for the year ended 31 December 2023 came to € 55,701 thousand (€ 51,410 thousand for the year ended 31 December 2022). This mainly relates to the cost of sales of hardware and third party software.

4. COST OF SERVICES

	31 Dec 2023	31 Dec 2022	Change	% Change
Agent commissions and other costs	24,642	17,311	7,331	42.4%
Consulting and third parties services	20,727	19,679	1,049	5.3%
Software and Hardware maintenance costs	45,505	30,941	14,563	47.1%
Customer support service costs	7,973	6,739	1,234	18.3%
Administrative and management consulting costs	6,500	5,180	1,320	25.5%
Financial interest costs	2,923	3,224	(301)	-9.3%
Education - consulting and copyrights	2,189	2,214	(25)	-1.1%
Magazines - consulting and copyrights	1,096	1,390	(294)	-21.1%
Other costs for education services	175	294	(119)	-40.4%
Advertising and marketing	21,071	20,375	696	3.4%
Management Fees	227	-	227	0.0%
Car rental service costs	4,564	3,566	998	28.0%
Rebate costs	5,080	4,662	418	9.0%
Utilities	4,771	4,288	483	11.3%
Costs for services - Non core	17,583	12,546	5,038	40.2%
Other service expenses	16,646	12,547	4,099	32.7%
Cost of services - Gross of capitalization	181,672	144,956	36,716	25.3%
Services capitalised development costs	(4,346)	(5,217)	871	-16.7%
Total	177,326	139,739	37,586	26.9%

Cost of services totalled € 177,326 thousand for the year ended 31 December 2023, net of an amount capitalised in the year pertaining to software projects of € 4,346 thousand, details of which are provided in Note 12 on Intangible assets.

The main components are the following:

- Agent commissions and other costs (€ 24,642 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 (€ 20,727 thousand) mainly relating to delivery activities and on-site customer support.
- Software and hardware maintenance costs (€ 45,505 thousand) relating to periodic fees for support services and subscriptions for third party products.
- Customer support service costs (€ 7,973 thousand), relating to customer assistance / support costs.
- Advertising and marketing costs (amounting to € 21,071 thousand), relating to costs incurred for the organisation of events and for the advertising campaigns carried out during the year.

- Costs for services - non-core amount to € 17,583 thousand. The main items included in this category include 1) acquisition and merger costs amounting to € 10,130 thousand (related both to M&A transactions completed in 2023 and to target companies not aquired) 2) costs for strategic and reorganisation projects amounting to € 5,659 thousand (mainly referring to advisory costs related to reorganisation and cost saving projects); 3) costs for extraordinary transactions with customers for the amount of € 1,771 thousand.

As regards the capitalisation of cost of services (€ 4,346 thousand) reference should be made to Note 12 on Intangible assets.

5. PERSONNEL COSTS

	31 Dec 2023	31 Dec 2022	Change	% Change
Wages, salaries and social contributions	197,020	154,370	42,650	27.6%
Staff leaving indemnities	9,238	8,023	1,215	15.1%
Other personnel costs	5,332	3,034	2,299	75.8%
Personnel costs for redundancy and reorganizations	2,729	1,588	1,141	71.9%
Employees costs	214,319	167,014	47,304	28.3%
				0.0%
Freelancers and collaborators fees	694	329	365	n.s.
Directors' fees and related costs	5,582	4,555	1,028	22.6%
Directors and Collaborators	6,276	4,883	1,393	28.5%
Personnel - Gross of capitalization	220,595	171,898	48,697	28.33%
Personnel capitalised development costs	(18,858)	(11,946)	(6,912)	57.9%
Total	201,737	159,952	41,785	26.1%

Personnel costs came to € 201,737 thousand for the year ended 31 December 2023.

Total non-core personnel restructuring costs amounted to € 2,729 thousand at 31 December 2023.

As regards the capitalisation of personnel costs (€ 18,858 thousand) reference should be made to Note 12 on Intangible assets.

The following table provides details of employee numbers at 31 December 2023 and the average number of employees in the 2022 financial year.

	Average 2023	Average 2022	Change	31 Dec 2023	31 Dec 2022	Change
Managers	107	84	23	126	88	38
Middle managers / white collars	3,843	2,937	906	4,518	3,168	1,350
Total	3,950	3,021	929	4,644	3,256	1,388

6. OTHER OPERATING COSTS

	31 Dec 2023	31 Dec 2022	Change	% Change
Condominium expenses and other rents	2,051	1,403	647	46.1%
Rentals	178	375	(197)	-52.5%
Other expenses for use of third parties assets	205	146	60	41.1%
Other taxes	794	692	103	14.8%
Losses from assets disposals	105	119	(13)	-11.1%
Other expenses	1,798	1,148	650	56.7%
Total	5,132	3,882	1,250	32.2%

Other operating costs came to € 5,132 thousand for the year ended 31 December 2023.

7. FINANCE INCOME and FINANCE COSTS

Finance Income

	31 Dec 2023	31 Dec 2022	Change	% Change
Interest and other finance income	1,282	171	1,111	n.s.
Gains on foreign exchange	523	25	498	n.s.
Interest from other loans	106	6	100	n.s.
Interest from banks	1,586	13	1,573	n.s.
Interest from derivative instruments	11,047	-	11,047	0.0%
Depreciation - liabilities to non controlling shareholders of subs	10,183	12,603	(2,420)	-19.2%
Gain on valuation of derivative instruments	-	31,233	(31,233)	-100.0%
Total	24,727	44,051	(19,324)	-43.9%

Finance income came to € 24,727 thousand for the year ended 31 December 2023 and was mainly attributable to the remeasurement of the fair value of the liability to non-controlling shareholders of subsidiaries and interest income accrued on interest rate swap derivative contracts.

Finance Costs

	31 Dec 2023	31 Dec 2022	Change	% Change
Interest on bank overdrafts and loans	1,420	1,357	64	4.7%
Interest on Notes	125,014	73,437	51,577	70.2%
Interest on financing fees	9,264	8,156	1,109	13.6%
Revaluation - liabilities to non controlling shareholders of subs	13,016	34,016	(21,000)	-61.7%
Bank commissions	3,919	3,456	463	13.4%
Loss on valuation of derivative instruments	16,613	-	16,613	0.0%
Interest on actuarial valuation of employee benefits	506	342	164	48.0%
Interest on lease contracts - IFRS 16	799	406	393	97.0%
Other IFRS financial charges	8,418	2,762	5,656	n.s.
Interest on cash pooling and other loans	19	(0)	19	n.s.
Other financial charges	484	269	214	79.7%
Losses on foreign exchange	149	61	88	n.s.
Write-downs of financial assets	127	153	(25)	-16.5%
Total	179,749	124,415	55,334	44.5%

Finance costs for the year ended 31 December 2023 came to €179,749 thousand. The main components are the following:

- Interest on Notes (€ 125,014 thousand), includes interest on the **2028 Notes**, the **2023 Notes**, and the **2029 PIYW PIK Toggle Notes**;
- Interest on financing fees (€ 9,264 thousand) includes finance costs relating to the financing fees on the **2028 Notes**, the **2023 Notes**, and the **2029 PIYW PIK Toggle Notes**, as well as finance costs relating to the **RCF** line of credit;
- Revaluation of contingent liabilities to minority shareholders (€ 13,016 thousand) arising from a change in the fair value such liabilities due to the remeasurement of the initial exercise price of the put/call option agreements and/or earn-outs;
- Other IFRS financial charges (€ 8,418 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;

8. MONETARY NET GAIN (LOSS)

Monetary net gain amounted to € 15,539 thousand for the financial statements as at 31 December 2023 and is recognised following the application of IAS 29 'Financial Reporting in Hyperinflationary Economies' in respect of the TeamSystem Group's subsidiaries operating in Turkey (acquired by the Group in September 2023).

9. TOTAL INCOME TAX

Current tax

Current tax for 2023 amounted to € 35,366 thousand and mainly consisted of the balances of corporate income taxes IRES and IRAP, as TeamSystem Group carries out most of 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 2023 financial year is also impacted by the effects of the Patent Box taxation regime, calculated with reference to TeamSystem S.p.A. for the 2022 tax year and related to software.

In addition, the ACE deduction (Aid for Economic Growth), accruing to TeamSystem S.p.A. for 2023, 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 2023 financial year.

Euro millions		
	31 Dec 2023	31 Dec 2022
PROFIT (LOSS) BEFORE INCOME TAXES	(79.4)	(161.5)
Theoretical tax rate	24%	24%
Theoretical IRES Taxation	19.0	38.8
Non deductible Depreciation and Amortization	8.1	8.0
Impairment of non current assets		78.1
Non deductible interests	56.6	45.2
Patent box		(11.6)
ACE	(21.1)	(21.9)
Other	1.2	8.3
IRES Tax base	(34.5)	(55.4)
IRES Actual taxation	8.3	13.3
IRES Actual tax rate	10%	8%
IRAP and Other	(4.1)	1.6
TOTAL INCOME TAX	4.1	15.0

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 over the course of 2023:

New Loans = € 195 million refers to the issuance of additional senior secured floating rate notes maturing in 2030 ("2030 Private Notes") in October 2023 to certain private investors. These 2030 Private Notes were placed at a price equal to 100% of their nominal amount.

Financing Fees paid = € 6,683 thousand refers to the payment of the Financing Fees connected with the issue of € 195 million of the **2030 Private Notes**.

Liabilities to non-controlling shareholders of subsidiaries = the liabilities to non-controlling shareholders of subsidiaries paid in 2023 amount to € 40,702 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: Storeden, TeamSyver, Algoritmi, Sia, Modefinance, Area 32, Progetto Studio, Newtronic (to quote the main cash-outs)

Financial charges paid = € 111,400 thousand at 31 December 2023 is almost exclusively for the payment of interest expenses on the **2028 Notes**, the **2030 Notes**, and the **2029 PIYW PIK Toggle Notes**.

Acquisition of investments = € 326,669 thousand relates mainly to the cash paid out in 2023 for the acquisition of equity investments (Mailup, Mikro Group, Rean, Readytec, Aplifisa, Acumbamail, Microntel, Sigma Sistemi just to mention the main acquisitions). At the date of the acquisition of the above-mentioned companies, the cash and cash equivalents of the acquired participations amounted to € 33,833 thousand.

11. TANGIBLE FIXED ASSETS

NET BOOK VALUE	Restated	Change in	Other			31 Dec 2022
	31 Dec 2021	cons. area	Additions	and disposals	(Depreciation)	
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
Total	15,778	207	5,617	(268)	(5,132)	16,203

NET BOOK VALUE	Restated	Change in	Other			31 Dec 2023
	31 Dec 2022	cons. area	Additions	and disposals	(Depreciation)	
Land	638					638
Buildings	2,446				(294)	2,152
Plant and machinery	2,145		349	151	(1,003)	1,642
Equipment	977		440	283	(355)	1,345
Other assets	9,997	2,869	2,442	(441)	(3,823)	11,045
Tangible assets - in progress						
Total	16,203	2,869	3,231	(7)	(5,476)	16,820

Tangible fixed assets amount to € 16,820 thousand at 31 December 2023, a net increase of € 617 thousand compared to 31 December 2022 due to the net effect of:

- Additions and Changes in the scope of consolidation totalling € 6,500 thousand;
- Depreciation of € 5,476 thousand;
- Other movements and disposals of € 407 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	Other movements Additions	and disposals	Capitalization	(Amortization)	(Write-downs)	31 Dec 2022
Capitalised development	17,375							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
IFRS Assets	1,432,195	1,939		(64)		(173,398)		1,260,672
Software, trademarks, patents	25,221	320	11,646	449		(12,615)		25,021
Other intangible assets	2,483		1,838	215		(1,847)	(104)	2,585
Intangible assets - in progress	301		1	127				429
Other intangible assets	28,005	320	13,485	791		(14,462)	(104)	28,035
Total	1,477,575	2,259	13,485	349	17,163	(195,683)	(104)	1,315,044

NET BOOK VALUE	Restated 31 Dec 2022	Change in cons. area	Additions	Other movements and disposals	Capitalization	(Amortization)	31 Dec 2023
Capitalised development	26,336	4,684		11,914	23,205	(14,186)	51,952
Brand IFRS	262,029					(15,679)	246,350
Software IFRS	210,694	65,415		(11,394)		(73,447)	191,269
Customer relationship IFRS	757,230	111,527		(1,829)		(86,858)	780,071
Other IFRS assets	30,719					(3,764)	26,955
IFRS Assets	1,260,673	176,942		(13,223)		(179,748)	1,244,645
Software, trademarks, patents	25,020	3,261	14,082	(1,095)		(13,927)	27,341
Other intangible assets	2,585	1,530	1,371	(515)		(1,161)	3,812
Intangible assets - in progress	429	2	127	(154)			404
Other intangible assets	28,035	4,794	15,580	(1,764)		(15,088)	31,557
Total	1,315,044	186,420	15,580	(3,073)	23,205	(209,021)	1,328,154

Intangible assets amount to € 1,328,154 thousand at 31 December 2023 (€ 1,315,044 at 31 December 2022), a net increase of € 13,110 thousand with respect to 31 December 2022.

The item IFRS Assets, consisting mainly of Brand, Software and Customer Relationship, originates from the Purchase Price Allocation ("PPA") process carried out in February 2021 following the acquisition of the TeamSystem Group and then increased over the years as a result of the price allocation processes on the acquisition of subsidiaries. The increase in the items "Customer Relationship IFRS" and "Software IFRS" was mainly due to the identification and measurement of the fair values, pursuant to IFRS 3, of these assets in the allocation process, at the date of acquisition of control, of the consideration paid for the acquisition of control of the companies: Mikro Group (€125.8 million), Mail-up (€15.7 million), Sigma Sistemi (€2.5 million), Readytec (€22.1 million), Microntel (€6.4 million) and Aplifisa (€4.5 million), as more fully discussed below.

As regards capitalised development costs recognised in 2023 of € 23,205 thousand, the main investment components relate to development costs capitalised by the subsidiary TeamSystem S.p.A. in 2023. In particular, capitalised personnel costs amounted to € 18,858 thousand, while capitalised service costs amounted to € 4,346 thousand. The main projects to which these capitalisations refer are: TS Enterprise, TS Digital, Saas Applications, STR Construction, TS Studio - taxation and accounting.

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:

	Restated 31 Dec 2022	Change in cons. area	Additions	Other movements and disposals	(Amortization)	31 Dec 2023
Buildings - Right of use	19,689	6,074	844	(1,390)	(5,926)	19,290
Other assets - Right of use	4,374	964	5,718	757	(3,277)	8,536
Total	24,063	7,038	6,562	(634)	(9,203)	27,826

Right-of-use assets amount to € 27,826 thousand at 31 December 2023.

Assets held under lease consist of:

- Buildings of € 19,290 thousand, relating to the operational premises of the Group companies and corporate accommodation used by certain Group employees, the total balance of which decreased by € 399 thousand at 31 December 2023 with respect to 31 December 2022 (€ 19,689 thousand) due to the combined effect of changes to the scope of consolidation (€ 6,074 thousand), depreciation (€ 5,926 thousand), additions (€ 844 thousand) and other movements and disposals (€ 1,390 thousand) during the period.
- Other assets of € 8,536 thousand relating mainly to company cars.

The contracts subject to IFRS 16 do not contain any significant renewal clauses, variable lease payments, restrictions or covenants, and there have been no leaseback transactions.

The impact on the profit and loss statement of the values related to rights of use of leased assets are as follows:

- amortisation of right of use: € 9,203 thousand;
- interest expense on lease liabilities: € 799 thousand.

The lease liability expresses the financial liability associated with lease accounting in accordance with IFRS 16.

14. GOODWILL

	Restated 31 Dec 2022	Change in cons. area	Additions	Other movements (Impairment)	31 Dec 2023
CGU - DIGITAL FINANCE	125,901	682			126,583
CGU - MICRO	558,055	208,685		(2,111)	764,630
CGU - HR	110,403	10,877			121,280
CGU - PROFESSIONAL	542,198	48,509			590,707
CGU - ENTERPRISE	394,029	65,818		42	459,890
CGU - MARKET SPECIFIC SOLUTIONS	76,047	529			76,576
Total	1,806,633	335,100		(2,068)	2,139,665

The Goodwill balance 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 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.

Other movements in goodwill are mainly due to changes in exchange rates, while increase in goodwill of € 335,100 thousand is attributable to the companies acquired by the Group in 2023, as detailed below:

- Readytec, for € 25,439 thousand (final allocation);
- Teamsyver, for € 4,504 thousand (final allocation);
- Alfaconta, GNS, Alpha Team (later contributed to TeamSystem 10) for € 3,459 thousand (final allocation);
- Sigma Systems, for € 6,385 thousand (final allocation);
- Microntel, for € 9,154 thousand (final allocation);
- Multidata, for € 12,094 thousand (final allocation);
- Sistemi IT, for € 9,620 thousand (final allocation);
- Aplifisa, for € 25,307 thousand (final allocation);
- Ticcyl, for € 7,340 thousand (final allocation);
- Marclamara, for € 4,361 thousand (final allocation);
- MailUP, for € 59,084 thousand (provisional allocation);
- TeamSystem Tirana, for € 1,632 thousand (provisional allocation);
- Mikro, for € 93,051 thousand (provisional allocation);
- Bitech, for € 1,445 thousand (provisional allocation);
- GreeNext, for € 10,223 thousand (provisional allocation);
- Acumbamail, for € 14,406 thousand (provisional allocation);
- Var Enterprise, for € 3,904 thousand (provisional allocation);
- Bellanova System, for € 2,273 thousand (provisional allocation);
- Bellanova Enterprise, for € 316 thousand (provisional allocation);

- Triarico, for € 494 thousand (provisional allocation);
- Twinlogix, for € 940 thousand (provisional allocation);
- Datamedia, for € 1,638 thousand (provisional allocation);
- Rean, for € 24,178 thousand (provisional allocation);
- TeamSystem Hub Spagna, for € 363 thousand (provisional allocation);
- Solutions Enterprise, for € 4,459 thousand (provisional allocation);
- Ecosystem, for € 5,483 thousand (provisional allocation);
- TC Informatica, for € 1,607 thousand (provisional allocation);
- Soluzioni Informatiche, for € 1,939 thousand (provisional allocation);

As required by IFRS 3, following the completion of the accounting activities related to the fair value measurements of the assets acquired and liabilities assumed and the consequent retrospective change in values, goodwill at 31 December 2022 (€ 1,805,191 thousand) was restated in the amount of € 1,442 thousand. In particular, the retrospective change is attributable to the identification and measurement of the fair values, pursuant to IFRS 3, of the assets and liabilities of the companies Teamsyver, CZ Informatica, Progetto Software, Sia and Algoritmi.

► **Impairment Test – Goodwill 31 December 2023**

The operating sectors (corresponding to the Group's CGU) under which the TeamSystem Group is currently organised are 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;

A CGU is defined as an activity or the smallest group of activities that generate cash inflows largely independent of the cash inflows from other activities or groups of activities. CGUs have been identified consistently with the management's vision both at the level of monitoring results and at the level of economic-financial planning

Goodwill allocated to each of the CGUs identified above is tested for impairment at least annually.

Regarding the impairment test conducted as of 31 December 2023, 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 2024-2027 based on amounts included in the 2023-2027 Group Business Plan approved by the Board of Directors of TeamSystem Holding S.p.A on 20 March 2023 and updated only for the year 2024 with the 2024 budget.

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 9.2% (Enterprise CGU, Professional CGU, Market Specific Solutions CGU, and HR CGU), 9.8% (Digital Finance CGU) and 9.7% (Micro CGU).

In particular, the values considered in the calculation of the WACC are shown below:

- the gross cost of debt was estimated as the six-monthly average of the IRS 10Y yield equal to 3.1% plus a spread equal to 5.2% related to the B- rating attributable to TeamSystem (rating source: S&P; spread source: Damodaran)
- the cost of equity considers market parameters such as:
 - an interest rate for risk-free assets, obtained considering the yield on government bonds of the countries in which each CGU operates with a maturity of 10 years (average of the six months prior to 31 December 2023)
 - a market risk premium of 5.5% (Source: Fernandez/Kroll/Duff&Phelps);
 - a beta determined by reference to the unlevered market beta of a panel of comparable companies re-levered on the basis of the average financial structure of the comparables and the tax rate equal to the relevant tax rate.
 - the weighted average tax rate of the countries in which each cluster operates.
 - the financial structure used for weighting the cost of debt and cost of capital was based on the average market data of the comparable companies.

The results of the impairment tests conducted did not provide any indication of impairment at 31 December 2023.

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

CGU - DIGITAL FINANCE		WACC				
Cover Impairment Sensitivity						
Euro million						
		8.8%	9.3%	9.8%	10.3%	10.8%
G RATE	1.0%	7.8	(5.0)	(16.3)	(26.4)	(35.5)
	1.5%	20.0	5.6	(7.0)	(18.2)	(28.2)
	2.0%	34.0	17.7	3.5	(9.0)	(20.1)
	2.5%	50.2	31.5	15.4	1.3	(11.0)
	3.0%	69.2	47.5	29.0	13.1	(0.8)

CGU - MICRO		WACC				
Cover Impairment Sensitivity						
Euro million						
		8.7%	9.2%	9.7%	10.2%	10.7%
G RATE	1.0%	713.1	608.3	515.7	433.1	359.1
	1.5%	812.7	694.9	591.4	499.8	418.3
	2.0%	927.2	793.4	676.9	574.7	484.3
	2.5%	1,060.1	906.6	774.3	659.3	558.3
	3.0%	1,216.3	1,038.0	886.2	755.6	641.9

CGU - HR		WACC				
Cover Impairment Sensitivity						
Euro million						
		8.2%	8.7%	9.2%	9.7%	10.2%
G RATE	1.0%	93.0	75.0	59.1	45.1	32.7
	1.5%	110.5	90.0	72.2	56.6	42.8
	2.0%	130.8	107.3	87.1	69.6	54.1
	2.5%	154.7	127.4	104.3	84.3	66.9
	3.0%	183.1	151.0	124.1	101.2	81.5

CGU - PROFESSIONAL		WACC				
Cover Impairment Sensitivity						
Euro million						
		8.2%	8.7%	9.2%	9.7%	10.2%
G RATE	1.0%	335.6	258.4	190.5	130.5	76.9
	1.5%	410.4	322.7	246.4	179.4	120.1
	2.0%	497.2	396.7	310.1	234.7	168.5
	2.5%	599.1	482.4	383.1	297.6	223.1
	3.0%	720.5	583.2	468.0	369.8	285.3

CGU - ENTERPRISE						
Cover Impairment Sensitivity		WACC				
Euro million						
		8.2%	8.7%	9.2%	9.7%	10.2%
G RATE	1.0%	247.3	186.4	133.0	85.7	43.6
	1.5%	306.3	237.3	177.1	124.4	77.6
	2.0%	374.9	295.6	227.4	168.0	115.8
	2.5%	455.4	363.4	285.1	217.7	159.0
	3.0%	551.2	442.9	352.1	274.7	208.1

CGU - MARKET SPECIFIC SOLUTIONS						
Cover Impairment Sensitivity		WACC				
Euro million						
		8.2%	8.7%	9.2%	9.7%	10.2%
G RATE	1.0%	109.8	87.3	67.6	50.2	34.6
	1.5%	131.6	106.1	83.9	64.4	47.2
	2.0%	156.9	127.7	102.5	80.6	61.3
	2.5%	186.7	152.7	123.8	98.9	77.3
	3.0%	222.1	182.1	148.6	120.0	95.4

The impairment test models, as well as the financial data they contain and the related results, were approved by the Board of Directors of TeamSystem Holdco S.p.A. on 19 April 2024, 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 2023 (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 conflicts between Russia and Ukraine, and Israel and Hamas.

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 2022 GOODWILL and COMPANIES ACQUIRED IN 2023

► Restatement of 2022 Goodwill

In 2023, the purchase price allocation processes were finalised for the acquisitions completed in 2022 of the following companies: CZ Informatica, Progetto Software, CZ Informatica, SIA, Algoritmi

As a result of the finalisation of the purchase price allocation for these companies, total goodwill increased from €1,805,191 thousand (31 December 2022) to €1,806,633 thousand (31 December 2022 restated), with goodwill increasing by €1,442 thousand as a result of the allocations.

As stipulated by IFRS 3, the values shown above have been reflected retrospectively from the date of acquisition, resulting in the amendment and integration of the balance sheet values already provisionally included in the consolidated financial statements for the year ended 31 December 2022.

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

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, considered provisional at the time the consolidated financial statements for the year ended 31 December 2022 were approved, was finalised in 2023. The following table shows the book values of the assets acquired and liabilities assumed at the acquisition date, as well as their final identified fair values.

Euro thousands

**STATEMENT OF FINANCIAL POSITION
TEAMSYVER**

ASSETS	PPA final balances	NOTES
Tangible assets	4	
Intangible assets	31	
Right of use	472	
Deferred tax assets	96	
TOTAL NON CURRENT ASSETS	602	
Trade receivables	944	
Other receivables - current	48	
Other financial assets - current	493	
Cash and bank balances	524	
TOTAL CURRENT ASSETS	2,009	
TOTAL ASSETS	2,611	A

Euro thousands

**STATEMENT OF FINANCIAL POSITION
TEAMSYVER**

LIABILITIES	PPA final balances	NOTES
TOTAL EQUITY	438	
Staff leaving indemnity	266	
TOTAL NON CURRENT LIABILITIES	266	
Financial liabilities with banks and other institutions - current	472	
Trade payables	407	
Tax liabilities - current	334	
Other liabilities - current	695	
TOTAL CURRENT LIABILITIES	1,907	
TOTAL LIABILITIES	2,174	B
TOTAL EQUITY AND LIABILITIES	2,611	

Fair Value of acquired net assets	438	C = A - B
Cost of the investment	6,875	D
Final Goodwill IFRS 3	6,437	E = D - C

Details of the main changes in the final allocation of Teamsyver's goodwill compared to the provisional allocation made in the financial statements for the year ended 31 December 2022 are set out below.

Euro thousands			
STATEMENT OF FINANCIAL POSITION			
TEAMSYSVER			
ASSETS	PPA final balances	PPA provisional balances	Changes
Tangible assets	4	4	0
Intangible assets	31	31	0
Right of use	472		472
Deferred tax assets	96	0	96
TOTAL NON CURRENT ASSETS	602	35	568
Trade receivables	944	1,106	(163)
Other receivables - current	48	48	0
Other financial assets - current	493	493	0
Cash and bank balances	524	524	0
TOTAL CURRENT ASSETS	2,009	2,172	(163)
TOTAL ASSETS	2,611	2,206	405

Euro thousands			
STATEMENT OF FINANCIAL POSITION			
TEAMSYSVER			
LIABILITIES	PPA final balances	PPA provisional balances	Changes
TOTAL EQUITY	438	741	(303)
Staff leaving indemnity	266	266	0
TOTAL NON CURRENT LIABILITIES	266	266	0
Financial liabilities with banks and other institutions - current	472	0	472
Trade payables	407	407	0
Tax liabilities - current	334	334	0
Other liabilities - current	695	458	236
TOTAL CURRENT LIABILITIES	1,907	1,199	708
TOTAL LIABILITIES	2,174	1,465	708
TOTAL EQUITY AND LIABILITIES	2,611	2,206	405

Progetto Software (and subsidiaries)

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.

The purchase price allocation recognised for the acquisition of Progetto Software, considered provisional at the time the consolidated financial statements for the year ended 31 December 2022 were approved, was finalised in 2023.

The following table shows the book values of the assets acquired and liabilities assumed at the acquisition date, as well as their final identified fair values.

Euro thousands		
STATEMENT OF FINANCIAL POSITION		
PROGETTO SOFTWARE		
ASSETS	PPA final balances	NOTES
Tangible assets	19	
Intangible assets	40	
Right of use	231	
Deferred tax assets	85	
TOTAL NON CURRENT ASSETS	376	
Trade receivables	611	
Tax receivables	56	
Other receivables - current	42	
Cash and bank balances	535	
TOTAL CURRENT ASSETS	1,244	
TOTAL ASSETS	1,620	A

Euro thousands

STATEMENT OF FINANCIAL POSITION PROGETTO SOFTWARE			
LIABILITIES	PPA final balances	NOTES	
Share capital	25		
Other reserves	(260)		
Retained earnings (accumulated losses)	(797)		
Profit (Loss) attributable to Owners of the Company	85		
TOTAL EQUITY attributable to OWNERS OF THE COMPANY	(947)		
Non controlling interests - Capital and reserves	0		
Non controlling interests - Profit (Loss)	0		
TOTAL NON CONTROLLING INTERESTS	0		
TOTAL EQUITY	(947)		
Staff leaving indemnity	526		
TOTAL NON CURRENT LIABILITIES	526		
Financial liabilities with banks and other institutions - current	990		
Trade payables	438		
Tax liabilities - current	8		
Other liabilities - current	606		
TOTAL CURRENT LIABILITIES	2,041		
TOTAL LIABILITIES	2,567		B
TOTAL EQUITY AND LIABILITIES	1,620		
Fair Value of acquired net assets	(947)		C = A - B
Cost of the investment	5,015		D
Final Goodwill IFRS 3	5,962		E = D - C

Details of the main changes in the final allocation of Progetto Software's goodwill compared to the provisional allocation made in the financial statements for the year ended 31 December 2022 are set out below.

Euro thousands

STATEMENT OF FINANCIAL POSITION PROGETTO SOFTWARE			
ASSETS	PPA final balances	PPA provisional balances	Changes
Tangible assets	19	19	0
Intangible assets	40	40	0
Right of use	231		231
Deferred tax assets	85		85
TOTAL NON CURRENT ASSETS	376	60	316
Inventories			0
Trade receivables	611	922	(311)
Tax receivables	56	56	0
Other receivables - current	42	42	0
Cash and bank balances	535	535	0
TOTAL CURRENT ASSETS	1,244	1,556	(311)
TOTAL ASSETS	1,620	1,615	5

Euro thousands			
STATEMENT OF FINANCIAL POSITION			
PROGETTO SOFTWARE			
LIABILITIES	PPA final balances	PPA provisional balances	Changes
TOTAL EQUITY	(947)	(505)	(442)
Staff leaving indemnity	526	531	(5)
TOTAL NON CURRENT LIABILITIES	526	531	(5)
Financial liabilities with banks and other institutions - current	990	758	231
Trade payables	438	438	0
Tax liabilities - current	8	8	0
Other liabilities - current	606	385	221
TOTAL CURRENT LIABILITIES	2,041	1,589	452
TOTAL LIABILITIES	2,567	2,120	447
TOTAL EQUITY AND LIABILITIES	1,620	1,615	5

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.

The purchase price allocation recognised for the acquisition of CZ Informatica, considered provisional at the time the consolidated financial statements for the year ended 31 December 2022 were approved, was finalised in 2023.

The following table shows the book values of the assets acquired and liabilities assumed at the acquisition date, as well as their final identified fair values.

Euro thousands		
STATEMENT OF FINANCIAL POSITION		
CZ INFORMATICA		
ASSETS	PPA final balances	NOTES
Tangible assets	24	
Intangible assets	52	
Other Investments	3	
Deferred tax assets	136	
TOTAL NON CURRENT ASSETS	215	
Trade receivables	276	
Tax receivables	60	
Other receivables - current	40	
Cash and bank balances	249	
TOTAL CURRENT ASSETS	625	
TOTAL ASSETS	840	A

Euro thousands

STATEMENT OF FINANCIAL POSITION CZ INFORMATICA		
LIABILITIES	PPA final balances	NOTES
TOTAL EQUITY	(881)	
Staff leaving indemnity	227	
Provisions for risks and charges	377	
TOTAL NON CURRENT LIABILITIES	604	
Trade payables	801	
Tax liabilities - current	2	
Other liabilities - current	313	
TOTAL CURRENT LIABILITIES	1,116	
TOTAL LIABILITIES	1,721	B
TOTAL EQUITY AND LIABILITIES	840	
Fair Value of acquired net assets	(881)	C = A - B
Cost of the investment	5,076	D
Final Goodwill IFRS 3	5,957	E = D - C

Details of the main changes in the final allocation of CZ Informatica's goodwill compared to the provisional allocation made in the financial statements for the year ended 31 December 2022 are set out below.

Euro thousands

STATEMENT OF FINANCIAL POSITION CZ INFORMATICA			
ASSETS	PPA final balances	PPA provisional balances	Changes
Tangible assets	24	24	0
Intangible assets	52	52	0
Right of use	0	0	0
Deferred tax assets	136	17	119
TOTAL NON CURRENT ASSETS	215	95	119
Trade receivables	276	689	(414)
Other receivables - current	40	40	0
Other financial assets - current	0	0	0
Cash and bank balances	249	249	0
TOTAL CURRENT ASSETS	625	1,039	(414)
TOTAL ASSETS	840	1,134	(294)

Euro thousands

STATEMENT OF FINANCIAL POSITION CZ INFORMATICA			
LIABILITIES	PPA final balances	PPA provisional balances	Changes
TOTAL EQUITY	(881)	(516)	(365)
Staff leaving indemnity	227	241	(13)
TOTAL NON CURRENT LIABILITIES	604	618	(13)
Financial liabilities with banks and other institutions - current	0	0	0
Trade payables	801	801	0
Tax liabilities - current	2	2	0
Other liabilities - current	313	229	84
TOTAL CURRENT LIABILITIES	1,116	1,032	84
TOTAL LIABILITIES	1,721	1,650	71
TOTAL EQUITY AND LIABILITIES	840	1,134	(294)

SIA S.r.l.

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

The purchase price allocation recognised for the acquisition of SIA, considered provisional at the time the consolidated financial statements for the year ended 31 December 2022 were approved, was finalised in 2023.

The following table shows the book values of the assets acquired and liabilities assumed at the acquisition date, as well as their final identified fair values.

Euro thousands		
STATEMENT OF FINANCIAL POSITION		
SIA		
ASSETS	PPA final balances	NOTES
Tangible assets	25	
Right of use	87	
Deferred tax assets	112	
TOTAL NON CURRENT ASSETS	224	
Inventories	2	
Trade receivables	550	
Tax receivables	2	
Other receivables - current	(19)	
Other financial assets - current	1	
Cash and bank balances	2,612	
TOTAL CURRENT ASSETS	3,149	
TOTAL ASSETS	3,372	A
Euro thousands		
STATEMENT OF FINANCIAL POSITION		
SIA		
LIABILITIES	PPA final balances	NOTES
TOTAL EQUITY	1,688	
Staff leaving indemnity	394	
Provisions for risks and charges	192	
TOTAL NON CURRENT LIABILITIES	586	
Financial liabilities with banks and other institutions - current	509	
Trade payables	312	
Tax liabilities - current	83	
Other liabilities - current	196	
TOTAL CURRENT LIABILITIES	1,099	
TOTAL LIABILITIES	1,685	B
TOTAL EQUITY AND LIABILITIES	3,372	
Fair Value of acquired net assets	<u>1,688</u>	C = A - B
Cost of the investment	<u>8,847</u>	D
Final Goodwill IFRS 3	<u>7,159</u>	E = D - C

Details of the main changes in the final allocation of SIA's goodwill compared to the provisional allocation made in the financial statements for the year ended 31 December 2022 are set out below.

Euro thousands			
STATEMENT OF FINANCIAL POSITION			
SIA			
ASSETS	PPA final balances	PPA provisional balances	Changes
Tangible assets	25	25	0
Right of use	87		87
Deferred tax assets	112	9	103
TOTAL NON CURRENT ASSETS	224	34	190
Inventories	2	2	0
Trade receivables	550	978	(428)
Tax receivables	2	2	0
Other receivables - current	(19)	(19)	0
Other financial assets - current	1	1	0
Cash and bank balances	2,612	2,612	0
TOTAL CURRENT ASSETS	3,149	3,577	(428)
TOTAL ASSETS	3,372	3,611	(239)

Euro thousands			
STATEMENT OF FINANCIAL POSITION			
SIA			
LIABILITIES	PPA final balances	PPA provisional balances	Changes
TOTAL EQUITY	1,688	1,998	(310)
Staff leaving indemnity	394	409	(15)
Provisions for risks and charges	192	192	0
TOTAL NON CURRENT LIABILITIES	586	601	(15)
Shareholders' Loan - current	509	422	87
Trade payables	312	312	0
Tax liabilities - current	83	83	0
Other liabilities - current	196	196	0
TOTAL CURRENT LIABILITIES	1,099	1,012	87
TOTAL LIABILITIES	1,685	1,613	72
TOTAL EQUITY AND LIABILITIES	3,372	3,611	(239)

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.

The purchase price allocation recognised for the acquisition of Algoritmi, considered provisional at the time the consolidated financial statements for the year ended 31 December 2022 were approved, was finalised in 2023.

The following table shows the book values of the assets acquired and liabilities assumed at the acquisition date, as well as their final identified fair values.

Euro thousands		
STATEMENT OF FINANCIAL POSITION		
ALGORITMI		
ASSETS	PPA final balances	NOTES
Tangible assets	59	
Intangible assets	6	
Right of use	118	
Deferred tax assets	16	
TOTAL NON CURRENT ASSETS	199	
Trade receivables	676	
Tax receivables	4	
Other receivables - current	39	
Cash and bank balances	867	
TOTAL CURRENT ASSETS	1,586	
TOTAL ASSETS	1,785	A

Euro thousands

STATEMENT OF FINANCIAL POSITION ALGORITMI		
LIABILITIES	PPA final balances	NOTES
TOTAL EQUITY	8	
Staff leaving indemnity	765	
Provisions for risks and charges	128	
TOTAL NON CURRENT LIABILITIES	893	
Shareholders' Loan - current	118	
Trade payables	304	
Tax liabilities - current	41	
Other liabilities - current	420	
TOTAL CURRENT LIABILITIES	884	
TOTAL LIABILITIES	1,776	B
TOTAL EQUITY AND LIABILITIES	1,785	
Fair Value of acquired net assets	<u>8</u>	C = A - B
Cost of the investment	<u>8,748</u>	D
Final Goodwill IFRS 3	<u>8,740</u>	E = D - C

Details of the main changes in the final allocation of Algoritmi's goodwill compared to the provisional allocation made in the financial statements for the year ended 31 December 2022 are set out below.

Euro thousands

STATEMENT OF FINANCIAL POSITION ALGORITMI			
ASSETS	PPA final balances	PPA provisional balances	Changes
Tangible assets	59	59	0
Goodwill TeamSystem			0
Deferred tax assets	16		16
TOTAL NON CURRENT ASSETS	81	65	16
Inventories			0
Trade receivables	676	743	(67)
Tax receivables	4	4	0
Other receivables - current	39	39	0
Other financial assets - current			0
Cash and bank balances	867	867	0
TOTAL CURRENT ASSETS	1,586	1,653	(67)
TOTAL ASSETS	1,667	1,717	(51)

Euro thousands

STATEMENT OF FINANCIAL POSITION ALGORITMI			
LIABILITIES	PPA final balances	PPA provisional balances	Changes
TOTAL EQUITY	8	30	(22)
Staff leaving indemnity	765	794	(29)
TOTAL NON CURRENT LIABILITIES	893	922	(29)
Financial liabilities with banks and other institutions - current			0
Trade payables	304	304	0
Tax liabilities - current	41	41	0
Other liabilities - current	420	420	0
TOTAL CURRENT LIABILITIES	766	766	0
TOTAL LIABILITIES	1,658	1,687	(29)
TOTAL EQUITY AND LIABILITIES	1,667	1,717	(51)

□ □ □

► Final allocations in 2023

TeamSystem 10 S.r.l.

The business unit (which focuses on accounting firm segment) of the dealer Alpha Team S.r.l. was transferred to TeamSystem 10 with an effective date of 1 January 2023. In addition, the business units of the following companies were transferred to TeamSystem 10 S.r.l. in mid-January 2023:

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

The purchase price allocation recognised was final at the date of preparation of the financial statements for the year ended 31 December 2023 and, therefore, the related goodwill is also considered final.

Euro thousands

STATEMENT OF FINANCIAL POSITION TEAMSYSTEM 10		
ASSETS	PPA final balances	NOTES
Tangible assets	2	
Intangible assets	42	
TOTAL NON CURRENT ASSETS	44	
TOTAL ASSETS	44	A

Euro thousands

STATEMENT OF FINANCIAL POSITION TEAMSYSTEM 10		
EQUITY AND LIABILITIES	PPA final balances	NOTES
TOTAL EQUITY	(281)	
Staff leaving indemnity	246	
TOTAL NON CURRENT LIABILITIES	246	
Trade payables	15	
Other liabilities - current	64	
TOTAL CURRENT LIABILITIES	79	
TOTAL LIABILITIES	325	B
TOTAL EQUITY AND LIABILITIES	44	

Fair Value of acquired net assets	(281)	C = A - B
Cost of the investment	3,178	D
Final Goodwill IFRS 3	3,459	E = D - C

The goodwill that emerged as a result of the aforementioned transaction accounting was allocated € 2.5 million to the 'Enterprise' CGU, € 0.7 million to the 'Professional' CGU, and € 0.2 million to the 'Market Specific Solution' CGU.

Readytec S.p.A.

In January 2023, TeamSystem S.p.A. acquired a 100% controlling interest in Readytec S.p.A., a TeamSystem software dealer.

In 2023, the company reported revenues of € 31,323 thousand and a profit of € 3,728 thousand.

The purchase price allocation recognised for the acquisition of Readytech was final at the date of preparation of the financial statements for the year ended 31 December 2023 and the related goodwill is also considered final.

Euro thousands

STATEMENT OF FINANCIAL POSITION

READYTEC

ASSETS	PPA final balances	NOTES
Tangible assets	245	
Intangible assets	22,611	
Right of use	887	
Deferred tax assets	788	
TOTAL NON CURRENT ASSETS	24,530	
Inventories	39	
Trade receivables	5,418	
Tax receivables	356	
Other receivables - current	507	
Cash and bank balances	987	
TOTAL CURRENT ASSETS	7,307	
TOTAL ASSETS	31,837	A

Euro thousands

STATEMENT OF FINANCIAL POSITION

READYTEC

EQUITY AND LIABILITIES	PPA final balances	NOTES
TOTAL EQUITY	13,968	
Staff leaving indemnity	1,441	
Provisions for risks and charges - non current	868	
Deferred tax liabilities	6,177	
TOTAL NON CURRENT LIABILITIES	8,486	
Financial liabilities with banks and other institutions - current	2,680	
Trade payables	2,807	
Tax liabilities - current	279	
Other liabilities - current	3,617	
TOTAL CURRENT LIABILITIES	9,383	
TOTAL LIABILITIES	17,869	B
TOTAL EQUITY AND LIABILITIES	31,837	

Fair Value of acquired net assets	13,968	C = A - B
Cost of the investment	39,408	D
Final Goodwill IFRS 3	25,440	E = D - C

The goodwill that emerged as a result of the aforementioned transaction accounting was allocated € 8.1 million to the 'Enterprise' CGU, € 15.8 million to the 'Professional' CGU, € 0.8 million to the 'Micro' CGU, and € 0.6 million to the 'HR' CGU.

Readytec Emilia S.r.l.

In January 2023, TeamSystem S.p.A. acquired a 100% controlling interest in Readytec Emilia S.r.l., a TeamSystem software dealer.

In 2023, the company reported revenues of € 3,609 thousand and a loss of € 11 thousand.

The purchase price allocation recognised for the acquisition of Readytech Emilia was final at the date of preparation of the financial statements for the year ended 31 December 2023 and the related goodwill is also considered final.

Euro thousands

STATEMENT OF FINANCIAL POSITION READYTEC EMILIA		
ASSETS	PPA final balances	NOTES
Tangible assets	21	
Intangible assets	64	
Right of use	396	
Deferred tax assets	37	
TOTAL NON CURRENT ASSETS	518	
Other receivables - current	20	
TOTAL CURRENT ASSETS	20	
TOTAL ASSETS	537	A

Euro thousands

STATEMENT OF FINANCIAL POSITION READYTEC EMILIA		
EQUITY AND LIABILITIES	PPA final balances	NOTES
TOTAL EQUITY	(516)	
Staff leaving indemnity	304	
TOTAL NON CURRENT LIABILITIES	304	
Financial liabilities with banks and other institutions - current	396	
Other liabilities - current	354	
TOTAL CURRENT LIABILITIES	750	
TOTAL LIABILITIES	1,054	B
TOTAL EQUITY AND LIABILITIES	537	
Fair Value of acquired net assets	(516)	C = A - B
Cost of the investment	3,988	D
Final Goodwill IFRS 3	4,504	E = D - C

The goodwill that emerged as a result of the aforementioned transaction accounting was allocated € 1.5 million to the 'Enterprise' CGU, € 2.8 million to the 'Professional' CGU, € 0.1 million to the 'Micro' CGU, and € 0.1 million to the 'HR' CGU.

Sistemi IT S.r.l.

In January 2023, TeamSystem S.p.A. acquired a 100% controlling interest in Sistemi IT S.r.l., a TeamSystem software dealer.

In 2023, the company reported revenues of € 5,274 thousand and a profit of € 359 thousand.

The purchase price allocation recognised for the acquisition of Sistemi IT was final at the date of preparation of the financial statements for the year ended 31 December 2023 and the related goodwill is also considered final.

Euro thousands

STATEMENT OF FINANCIAL POSITION		
SISTEMI IT		
ASSETS	PPA final balances	NOTES
Tangible assets	195	
Intangible assets	5	
Right of use	665	
Deferred tax assets	2	
TOTAL NON CURRENT ASSETS	867	
Inventories	60	
Trade receivables	1,121	
Other receivables - current	251	
Cash and bank balances	1,297	
TOTAL CURRENT ASSETS	2,730	
TOTAL ASSETS	3,597	A

Euro thousands

STATEMENT OF FINANCIAL POSITION		
SISTEMI IT		
EQUITY AND LIABILITIES	PPA final balances	NOTES
TOTAL EQUITY	355	
Staff leaving indemnity	426	
Deferred tax liabilities	3	
TOTAL NON CURRENT LIABILITIES	429	
Financial liabilities with banks and other institutions - current	911	
Trade payables	646	
Tax liabilities - current	249	
Other liabilities - current	1,007	
TOTAL CURRENT LIABILITIES	2,813	
TOTAL LIABILITIES	3,242	B
TOTAL EQUITY AND LIABILITIES	3,597	

Fair Value of acquired net assets	355	C = A - B
Cost of the investment	9,975	D
Final Goodwill IFRS 3	9,620	E = D - C

The goodwill arising from the aforementioned transaction accounting was allocated entirely to the 'Enterprise' CGU.

Sigma Sistemi S.r.l.

In January 2023, TeamSystem S.p.A. acquired a 100% controlling interest in Sigma Sistemi S.r.l., a developer of IaaS software solutions and a TeamSystem software dealer. Sigma Sistemi was merged by absorption into TeamSystem S.p.A. in 2023.

The purchase price allocation recognised for the acquisition of Sigma Sistemi was final at the date of preparation of the financial statements for the year ended 31 December 2023 and the related goodwill is also considered final.

Euro thousands

STATEMENT OF FINANCIAL POSITION SIGMA SISTEMI		
ASSETS	PPA final balances	NOTES
Tangible assets	31	
Intangible assets	2,454	
Deferred tax assets	42	
TOTAL NON CURRENT ASSETS	2,527	
Inventories	5	
Trade receivables	833	
Other receivables - current	217	
Cash and bank balances	6,928	
TOTAL CURRENT ASSETS	7,984	
TOTAL ASSETS	10,510	A

Euro thousands

STATEMENT OF FINANCIAL POSITION SIGMA SISTEMI		
EQUITY AND LIABILITIES	PPA final balances	NOTES
TOTAL EQUITY	8,367	
Staff leaving indemnity	416	
Deferred tax liabilities	685	
TOTAL NON CURRENT LIABILITIES	1,101	
Other liabilities - current	1,043	
TOTAL CURRENT LIABILITIES	1,043	
TOTAL LIABILITIES	2,144	B
TOTAL EQUITY AND LIABILITIES	10,510	

Fair Value of acquired net assets	8,367	C = A - B
Cost of the investment	14,752	D
Final Goodwill IFRS 3	6,385	E = D - C

The goodwill that emerged as a result of the aforementioned transaction accounting was allocated € 1.5 million to the 'Enterprise' CGU, € 4.8 million to the 'Professional' CGU, and € 0.1 million to the 'HR' CGU.

Microntel S.p.A.

In February 2023, TeamSystem S.p.A. acquired a 80.00% controlling interest in Microntel S.p.A., a company that develops and sells HR software. Put/call option agreements were negotiated on the remaining share capital. Microntel holds a 100% stake in Euroges S.r.l. (merged by incorporation in Microntel in 2023).

In 2023, the company reported revenues of € 7,018 thousand and a profit of € 70 thousand.

The purchase price allocation recognised for the acquisition of Microntel was final at the date of preparation of the financial statements for the year ended 31 December 2023 and the related goodwill is also considered final.

Euro thousands

STATEMENT OF FINANCIAL POSITION

MICRONTEL

ASSETS

**PPA
final
balances**

NOTES

Tangible assets	288	
Intangible assets	7,564	
Right of use	593	
Deferred tax assets	248	
TOTAL NON CURRENT ASSETS	8,694	
Inventories	688	
Trade receivables	2,307	
Tax receivables	68	
Other receivables - current	14	
Other financial assets - current	1,195	
Cash and bank balances	3,143	
TOTAL CURRENT ASSETS	7,414	
TOTAL ASSETS	16,107	A

Euro thousands

STATEMENT OF FINANCIAL POSITION

MICRONTEL

EQUITY AND LIABILITIES

**PPA
final
balances**

NOTES

TOTAL EQUITY	8,619	
Staff leaving indemnity	868	
Provisions for risks and charges - non current	2,252	
Deferred tax liabilities	1,796	
TOTAL NON CURRENT LIABILITIES	4,915	
Financial liabilities with banks and other institutions - current	801	
Trade payables	134	
Other liabilities - current	1,637	
TOTAL CURRENT LIABILITIES	2,573	
TOTAL LIABILITIES	7,488	B
TOTAL EQUITY AND LIABILITIES	16,107	
Fair Value of acquired net assets	8,619	C = A - B
Cost of the investment	17,773	D
Final Goodwill IFRS 3	9,154	E = D - C

The goodwill that emerged as a result of the aforementioned transaction accounting was allocated entirely to the 'HR' CGU.

Multidata S.r.l.

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

In 2023, the company reported revenues of € 6,510 thousand and a profit of € 1,251 thousand.

The purchase price allocation recognised for the acquisition of Multidata was final at the date of preparation of the financial statements for the year ended 31 December 2023 and the related goodwill is also considered final.

Euro thousands

**STATEMENT OF FINANCIAL POSITION
MULTIDATA**

ASSETS	PPA final balances	NOTES
Tangible assets	94	
Intangible assets	(0)	
Right of use	567	
Other Investments	1	
Investments in associates	0	
Deferred tax assets	32	
TOTAL NON CURRENT ASSETS	694	
Inventories	22	
Trade receivables	2,360	
Other receivables - current	63	
Cash and bank balances	1,900	
TOTAL CURRENT ASSETS	4,344	
TOTAL ASSETS	5,038	A

Euro thousands

**STATEMENT OF FINANCIAL POSITION
MULTIDATA**

EQUITY AND LIABILITIES	PPA final balances	NOTES
TOTAL EQUITY	674	
Staff leaving indemnity	1,034	
Deferred tax liabilities	4	
TOTAL NON CURRENT LIABILITIES	1,038	
Financial liabilities with banks and other institutions - current	567	
Trade payables	174	
Provisions for risks and charges - current	890	
Tax liabilities - current	191	
Other liabilities - current	1,504	
TOTAL CURRENT LIABILITIES	3,326	
TOTAL LIABILITIES	4,364	B
TOTAL EQUITY AND LIABILITIES	5,038	
Fair Value of acquired net assets	674	C = A - B
Cost of the investment	12,769	D
Final Goodwill IFRS 3	12,095	E = D - C

The goodwill arising from the aforementioned transaction accounting was allocated entirely to the 'Enterprise' CGU.

Aplifisa S.L.U

In March 2023, Software Del Sol S.A. acquired a 100% interest in Aplifisa S.L.U., a company that markets software solutions for the accountants' market in Spain.

In 2023, the company reported revenues of € 4,711 thousand and a profit of € 961 thousand.

The purchase price allocation recognised for the acquisition of Aplifisa was final at the date of preparation of the financial statements for the year ended 31 December 2023 and the related goodwill is also considered final.

Euro thousands

STATEMENT OF FINANCIAL POSITION		
APLIFISA		
ASSETS	PPA final balances	NOTES
Tangible assets	3	
Intangible assets	4,462	
Right of use	137	
Deferred tax assets	456	
TOTAL NON CURRENT ASSETS	5,058	
Trade receivables	1,537	
Other receivables - current	48	
Other financial assets - current	40	
Cash and bank balances	640	
TOTAL CURRENT ASSETS	2,264	
TOTAL ASSETS	7,322	A

Euro thousands

STATEMENT OF FINANCIAL POSITION		
APLIFISA		
EQUITY AND LIABILITIES	PPA final balances	NOTES
TOTAL EQUITY	2,684	
Provisions for risks and charges - non current	895	
Deferred tax liabilities	1,222	
TOTAL NON CURRENT LIABILITIES	2,117	
Financial liabilities with banks and other institutions - current	761	
Tax liabilities - current	76	
Other liabilities - current	1,684	
TOTAL CURRENT LIABILITIES	2,521	
TOTAL LIABILITIES	4,638	B
TOTAL EQUITY AND LIABILITIES	7,322	

Fair Value of acquired net assets	2,684	C = A - B
Cost of the investment	27,991	D
Final Goodwill IFRS 3	25,307	E = D - C

The goodwill that emerged as a result of the aforementioned transaction accounting was allocated entirely to the 'Micro' CGU.

Ticcyl Digital S.L.U.

In March 2023, Software Del Sol S.A. acquired a 100% interest in Ticcyl Digital S.L.U., a company that develops software solutions for the accountants' market in Spain.

In 2023, the company reported revenues of € 2,614 thousand and a profit of € 1,619 thousand.

The purchase price allocation recognised for the acquisition of Ticcyl was final at the date of preparation of the financial statements for the year ended 31 December 2023 and the related goodwill is also considered final.

Euro thousands

STATEMENT OF FINANCIAL POSITION

TICCYL

ASSETS	PPA final balances	NOTES
Tangible assets	1	
Right of use	127	
Deferred tax assets	408	
TOTAL NON CURRENT ASSETS	536	
Trade receivables	303	
Other receivables - current	718	
Other financial assets - current	393	
Cash and bank balances	261	
TOTAL CURRENT ASSETS	1,674	
TOTAL ASSETS	2,210	A

Euro thousands

STATEMENT OF FINANCIAL POSITION

TICCYL

EQUITY AND LIABILITIES	PPA final balances	NOTES
TOTAL EQUITY	189	
Deferred tax liabilities	86	
TOTAL NON CURRENT LIABILITIES	86	
Financial liabilities with banks and other institutions - current	613	
Trade payables	262	
Provisions for risks and charges - current	607	
Tax liabilities - current	133	
Other liabilities - current	319	
TOTAL CURRENT LIABILITIES	1,934	
TOTAL LIABILITIES	2,020	B
TOTAL EQUITY AND LIABILITIES	2,210	
Fair Value of acquired net assets	189	C = A - B
Cost of the investment	7,530	D
Final Goodwill IFRS 3	7,340	E = D - C

The goodwill that emerged as a result of the aforementioned transaction accounting was allocated entirely to the 'Micro' CGU.

Marclamara S.L.

In March 2023, Software Del Sol S.A. acquired a 100% interest in Marclarama S.L. Marclarama S.L. owns a digital platform that provides ancillary services (training, webinars, etc.) for the accountants' market in Spain.

In 2023, the company reported revenues of € 851 thousand and a profit of € 228 thousand.

The purchase price allocation recognised for the acquisition of Marclamara was final at the date of preparation of the financial statements for the year ended 31 December 2023 and the related goodwill is also considered final.

Euro thousands

STATEMENT OF FINANCIAL POSITION MARCLAMARA		
ASSETS	PPA final balances	NOTES
Tangible assets	4	
TOTAL NON CURRENT ASSETS	4	
Trade receivables	57	
Other receivables - current	3	
Cash and bank balances	107	
TOTAL CURRENT ASSETS	167	
TOTAL ASSETS	171	A

Euro thousands

STATEMENT OF FINANCIAL POSITION MARCLAMARA		
EQUITY AND LIABILITIES	PPA final balances	NOTES
TOTAL EQUITY	26	
TOTAL NON CURRENT LIABILITIES	0	
Trade payables	2	
Tax liabilities - current	67	
Other liabilities - current	76	
TOTAL CURRENT LIABILITIES	145	
TOTAL LIABILITIES	145	B
TOTAL EQUITY AND LIABILITIES	171	

Fair Value of acquired net assets	26	C = A - B
Cost of the investment	4,387	D
Final Goodwill IFRS 3	4,361	E = D - C

The goodwill that emerged as a result of the aforementioned transaction accounting was allocated entirely to the 'Micro' CGU.

□ □ □

► **Provisional allocations in 2023**

TeamSystem Tirana

In May 2023, TeamSystem S.p.A. acquired a 100% controlling interest in Unitsystem Shpk, a company based in Tirana (Albania) engaged in the design, implementation and development of information systems and application programmes. Following the acquisition, Unitsystem Shpk changed its name to TeamSystem Tirana.

The company reported total revenue for 2023 of LEK 325,671 thousand and a profit of LEK 54,582 thousand.

The purchase price allocation recognised for the acquisition of TeamSystem Tirana S.r.l. was still provisional at 31 December 2023 and, therefore, the related goodwill was also provisional at the reporting date.

Euro thousands

STATEMENT OF FINANCIAL POSITION TEAMSYSYSTEM TIRANA		
ASSETS	PPA provisional balances	NOTES
Tangible assets	140	
Right of use	410	
TOTAL NON CURRENT ASSETS	550	
Trade receivables	74	
Tax receivables	(5)	
Other receivables - current	128	
Cash and bank balances	223	
TOTAL CURRENT ASSETS	420	
TOTAL ASSETS	970	A

Euro thousands

STATEMENT OF FINANCIAL POSITION TEAMSYSYSTEM TIRANA		
EQUITY AND LIABILITIES	PPA provisional balances	NOTES
TOTAL EQUITY	28	
Financial liabilities with banks and other institutions - current	626	
Trade payables	193	
Other liabilities - current	123	
TOTAL CURRENT LIABILITIES	942	
TOTAL LIABILITIES	942	B
TOTAL EQUITY AND LIABILITIES	970	
Fair Value of acquired net assets	28	C = A - B
Cost of the investment	1,660	D
Provisional Goodwill IFRS 3	1,632	E = D - C

The goodwill arising from the aforementioned transaction accounting was allocated entirely to the 'Enterprise' CGU.

GreeNext Technologies S.p.A.

In May 2023, TeamSystem S.p.A. acquired a 95.51% controlling interest in GreeNext Technologies S.p.A., a company that develops and sells software for waste management. A put and call option agreement was entered into with respect to the remaining interest.

In 2023, the company reported total revenue of € 6,906 thousand and a profit of € 402 thousand.

The purchase price allocation recognised for the acquisition of GreeNext S.r.l. was still provisional at 31 December 2023 and, therefore, the related goodwill was also provisional at the reporting date.

Euro thousands

**STATEMENT OF FINANCIAL POSITION
GREENEXT**

ASSETS	PPA provisional balances	NOTES
Tangible assets	62	
Intangible assets	2,577	
Right of use	244	
Other Investments	400	
Deferred tax assets	19	
TOTAL NON CURRENT ASSETS	3,303	
Trade receivables	3,212	
Other receivables - current	297	
Cash and bank balances	1,309	
TOTAL CURRENT ASSETS	4,817	
TOTAL ASSETS	8,120	A

Euro thousands

**STATEMENT OF FINANCIAL POSITION
GREENEXT**

EQUITY AND LIABILITIES	PPA provisional balances	NOTES
TOTAL EQUITY	3,416	
Staff leaving indemnity	213	
Provisions for risks and charges - non current	0	
Deferred tax liabilities	3	
TOTAL NON CURRENT LIABILITIES	216	
Financial liabilities with banks and other institutions - current	865	
Trade payables	890	
Tax liabilities - current	445	
Other liabilities - current	2,288	
TOTAL CURRENT LIABILITIES	4,488	
TOTAL LIABILITIES	4,704	B
TOTAL EQUITY AND LIABILITIES	8,120	

Fair Value of acquired net assets	3,416	C = A - B
Cost of the investment	13,639	D
Provisional Goodwill IFRS 3	10,223	E = D - C

The goodwill arising from the aforementioned transaction accounting was allocated entirely to the 'Enterprise' CGU.

MailUp S.p.A., MailUp Nordics A/S, Globase International A.p.S.

In July 2023, TeamSystem S.p.A. acquired 100% of MailUp S.p.A., a company operating in the email service provider sector. MailUp holds 100% of the share capital of MailUp Nordics, which in turn controls 100% of Globase International A.p.S.

In 2023, MailUP reported total revenue of € 19,852 thousand and a profit of € 774 thousand.

The purchase price allocation recognised for the acquisition of MailUP S.r.l. was still provisional at 31 December 2023 and, therefore, the related goodwill was also provisional at the reporting date.

Euro thousands

STATEMENT OF FINANCIAL POSITION

MAILUP

ASSETS	PPA provisional balances
Tangible assets	826
Intangible assets	19,784
Right of use	1,754
Goodwill	0
Other Investments	0
Investments in associates	0
Deferred tax assets	0
Other receivables - non current	0
Financing fees prepayments - non current	0
Other financial assets - non current	0
TOTAL NON CURRENT ASSETS	22,365
Inventories	0
Trade receivables	4,521
Tax receivables	655
Other receivables - current	1,498
Financing Fees prepayments - current	0
Other financial assets - current	0
Cash and bank balances	7,732
TOTAL CURRENT ASSETS	14,406
Asset held for sale	0
TOTAL ASSETS	36,771

Euro thousands

STATEMENT OF FINANCIAL POSITION

MAILUP

EQUITY AND LIABILITIES	PPA provisional balances
Share capital	447
Other reserves	3,541
Retained earnings (accumulated losses)	(746)
Profit (Loss) attributable to Owners of the Company	0
TOTAL EQUITY attributable to OWNERS OF THE COMPANY	3,242
Non controlling interests - Capital and reserves	0
Non controlling interests - Profit (Loss)	0
TOTAL NON CONTROLLING INTERESTS	0
TOTAL EQUITY	3,242
Shareholders' Loan - non current	0
Financial liabilities with banks and other institutions - non current	0
Staff leaving indemnity	3,487
Provisions for risks and charges - non current	0
Deferred tax liabilities	4,493
Other liabilities - non current	0
TOTAL NON CURRENT LIABILITIES	7,981
Shareholders' Loan - current	0
Financial liabilities with banks and other institutions - current	2,593
Trade payables	1,223
Provisions for risks and charges - current	7,976
Tax liabilities - current	0
Other liabilities - current	13,757
TOTAL CURRENT LIABILITIES	25,549
Liabilities held for sale	0
TOTAL LIABILITIES	33,529
TOTAL EQUITY AND LIABILITIES	36,771

Fair Value of acquired net assets	3,242
Cost of the investment	62,326
Provisional Goodwill IFRS 3	59,084

The goodwill that emerged as a result of the aforementioned transaction accounting was allocated entirely to the 'Micro' CGU.

Acumbamail S.L.

In July 2023, Software Del Sol acquired a 100% interest in Acumbamail S.L., a company operating in the email service provider sector.

In 2023, the company reported total revenue of € 2,701 thousand and a profit of € 403 thousand.

The purchase price allocation recognised for the acquisition of Acumbamail S.r.l. was still provisional at 31 December 2023 and, therefore, the related goodwill was also provisional at the reporting date.

Euro thousands

STATEMENT OF FINANCIAL POSITION		
ACUMBAMAIL		
ASSETS	PPA provisional balances	NOTES
Intangible assets	11	
TOTAL NON CURRENT ASSETS	11	
Trade receivables	106	
Tax receivables	23	
Other receivables - current	38	
Other financial assets - current	22	
Cash and bank balances	610	
TOTAL CURRENT ASSETS	798	
TOTAL ASSETS	809	A

Euro thousands

STATEMENT OF FINANCIAL POSITION		
ACUMBAMAIL		
EQUITY AND LIABILITIES	PPA provisional balances	NOTES
TOTAL EQUITY	216	
Other liabilities - current	593	
TOTAL CURRENT LIABILITIES	593	
TOTAL LIABILITIES	593	B
TOTAL EQUITY AND LIABILITIES	809	

Fair Value of acquired net assets	216	C = A - B
Cost of the investment	14,622	D
Provisional Goodwill IFRS 3	14,406	E = D - C

The goodwill that emerged as a result of the aforementioned transaction accounting was allocated entirely to the 'Micro' CGU.

Mikro Yazılımevi Yazılım Hizmetleri Bilgisayar Sanayi ve Ticaret A.Ş. (the “Mikro Group”)

In September 2023, TeamSystem S.p.A. acquired a controlling interest of 51.534% in Mikro Yazilimevi A.Ş., a company that sells software solutions for the tax advisor, micro business, ERP market and other products in Turkey.

Mikro Yazilimevi A.Ş. holds:

- a 100% interest in PARAŞÜT YAZILIM TEKNOLOJİLERİ A.Ş.
- a 100% interest in Muhasebetech Yazilim A.Ş.
- a 100% interest in Shoptside Yazilim Teknolojileri A.Ş.
- a 100% interest in Mikrogrup Teknoloji Destek Hizmetleri A.Ş.
- a 100% interest in eMükellef Teknoloji A.Ş.
- a 100% interest in Zirve Bilgi Teknolojileri Sanayi Ticaret A.Ş., which holds a 100% interest in Zirve Özel Entegrasyon Yazilim Hizm A.Ş.
- a 60% interest in MEVZUATTR YAZILIM A.Ş. (100% from October 2023).

A put and call option agreement was entered into with respect to the remaining interest not held by Mikro.

The parent company Mikro reported total revenue for 2023 of Try 484,367 thousand and a profit of Try 294,586 thousand.

The purchase price allocation recognised for the acquisition of the Mikro Group S.r.l. was still provisional at 31 December 2023 and, therefore, the related goodwill was also provisional at the reporting date.

Euro thousands

STATEMENT OF FINANCIAL POSITION

MIKRO	PPA provisional balances	NOTES
ASSETS		
Tangible assets	854	
Intangible assets	126,770	
Right of use	1,258	
Goodwill	0	
Other Investments	238	
Investments in associates	0	
Deferred tax assets	1,301	
TOTAL NON CURRENT ASSETS	130,420	
Trade receivables	1,632	
Tax receivables	63	
Other receivables - current	3,125	
Other financial assets - current	2,048	
Cash and bank balances	4,406	
TOTAL CURRENT ASSETS	11,273	
TOTAL ASSETS	141,693	A

Euro thousands

STATEMENT OF FINANCIAL POSITION

MIKRO

EQUITY AND LIABILITIES	PPA provisional balances	NOTES
TOTAL EQUITY attributable to OWNERS OF THE COMPANY	88,252	
TOTAL NON CONTROLLING INTERESTS	(253)	
TOTAL EQUITY	87,999	
Financial liabilities with banks and other institutions - non current	484	
Staff leaving indemnity	577	
Deferred tax liabilities	28,427	
TOTAL NON CURRENT LIABILITIES	29,488	
Financial liabilities with banks and other institutions - current	284	
Trade payables	823	
Tax liabilities - current	13	
Other liabilities - current	23,087	
TOTAL CURRENT LIABILITIES	24,206	
TOTAL LIABILITIES	53,694	B
TOTAL EQUITY AND LIABILITIES	141,693	
Fair Value of acquired net assets	88,252	C = A - B
Cost of the investment	181,303	D
Provisional Goodwill IFRS 3	93,051	E = D - C

The goodwill that emerged as a result of the aforementioned transaction accounting was allocated entirely to the 'Micro' CGU.

Var Enterprise S.r.l.

In September 2023, TeamSystem S.p.A. acquired a 100% controlling interest in Var Enterprise S.r.l., a TeamSystem software dealer.

In 2023, the company reported total revenue of € 2,642 thousand and a profit of € 147 thousand.

The purchase price allocation recognised for the acquisition of Var Enterprise S.r.l. was still provisional at 31 December 2023 and, therefore, the related goodwill was also provisional at the reporting date.

Euro thousands

STATEMENT OF FINANCIAL POSITION

VAR ENTERPRISE

ASSETS	PPA provisional balances	NOTES
Tangible assets	6	
Intangible assets	4	
Deferred tax assets	1	
TOTAL NON CURRENT ASSETS	10	
Trade receivables	397	
Other receivables - current	148	
Cash and bank balances	221	
TOTAL CURRENT ASSETS	767	
TOTAL ASSETS	777	A

Euro thousands

STATEMENT OF FINANCIAL POSITION VAR ENTERPRISE		
EQUITY AND LIABILITIES	PPA provisional balances	NOTES
TOTAL EQUITY	115	
Staff leaving indemnity	19	
TOTAL NON CURRENT LIABILITIES	19	
Trade payables	560	
Tax liabilities - current	54	
Other liabilities - current	29	
TOTAL CURRENT LIABILITIES	643	
TOTAL LIABILITIES	662	B
TOTAL EQUITY AND LIABILITIES	777	
Fair Value of acquired net assets	115	C = A - B
Cost of the investment	4,019	D
Provisional Goodwill IFRS 3	3,904	E = D - C

The goodwill that emerged as a result of the aforementioned transaction accounting was allocated € 1.4 million to the 'Enterprise' CGU, € 2.1 million to the 'Professional' CGU, and € 0.4 million to the 'HR' CGU.

Bellachioma Systems S.r.l.

In October 2023, TeamSystem S.p.A. acquired a 100% controlling interest in Bellachioma Systems S.r.l., a TeamSystem software dealer.

In 2023, the company reported total revenue of € 3,378 thousand and a profit of € 105 thousand.

The purchase price allocation recognised for the acquisition of Bellachioma System S.r.l. was still provisional at 31 December 2023 and, therefore, the related goodwill was also provisional at the reporting date.

Euro thousands

STATEMENT OF FINANCIAL POSITION BELLANOVA SYSTEM		
ASSETS	PPA provisional balances	NOTES
Tangible assets	5	
Intangible assets	1	
Deferred tax assets	1	
TOTAL NON CURRENT ASSETS	7	
Trade receivables	1,128	
Tax receivables	3	
Other receivables - current	217	
Cash and bank balances	1,174	
TOTAL CURRENT ASSETS	2,521	
TOTAL ASSETS	2,529	A

Euro thousands

STATEMENT OF FINANCIAL POSITION BELLANOVA SYSTEM		
EQUITY AND LIABILITIES	PPA provisional balances	NOTES
TOTAL EQUITY	1,689	
Staff leaving indemnity	125	
TOTAL NON CURRENT LIABILITIES	125	
Trade payables	517	
Provisions for risks and charges - current	96	
Tax liabilities - current	(21)	
Other liabilities - current	121	
TOTAL CURRENT LIABILITIES	714	
TOTAL LIABILITIES	839	B
TOTAL EQUITY AND LIABILITIES	2,529	
Fair Value of acquired net assets	<u>1,689</u>	C = A - B
Cost of the investment	<u>3,962</u>	D
Provisional Goodwill IFRS 3	<u>2,273</u>	E = D - C

The goodwill that emerged as a result of the aforementioned transaction accounting was allocated €1.0 million to the 'Enterprise' CGU and €1.2 million to the 'Professional' CGU.

Bellachioma Enterprise S.r.l.

In October 2023, TeamSystem S.p.A. acquired a 100% controlling interest in Bellachioma Enterprise S.r.l., a TeamSystem software dealer.

The company reported total revenue for 2023 of € 356 thousand and a loss of € 58 thousand.

The purchase price allocation recognised for the acquisition of Bellachioma Enterprise S.r.l. was still provisional at 31 December 2023 and, therefore, the related goodwill was also provisional at the reporting date.

Euro thousands

STATEMENT OF FINANCIAL POSITION BELLANOVA ENTERPRISE		
ASSETS	PPA provisional balances	NOTES
Tangible assets	1	
TOTAL NON CURRENT ASSETS	1	
Trade receivables	238	
Tax receivables	8	
Cash and bank balances	30	
TOTAL CURRENT ASSETS	276	
TOTAL ASSETS	277	A

Euro thousands

STATEMENT OF FINANCIAL POSITION		
BELLANOVA ENTERPRISE		
EQUITY AND LIABILITIES	PPA provisional balances	NOTES
TOTAL EQUITY	84	
Staff leaving indemnity	81	
TOTAL NON CURRENT LIABILITIES	81	
Trade payables	10	
Other liabilities - current	103	
TOTAL CURRENT LIABILITIES	112	
TOTAL LIABILITIES	193	B
TOTAL EQUITY AND LIABILITIES	277	

Fair Value of acquired net assets	84	C = A - B
Cost of the investment	400	D
Provisional Goodwill IFRS 3	316	E = D - C

The goodwill that emerged as a result of the aforementioned transaction accounting was allocated € 0.1 million to the 'Enterprise' CGU and € 0.2 million to the 'Professional' CGU.

Triarico Global Services S.r.l.

In October 2023, TeamSystem S.p.A. acquired a 100% controlling interest in Triarico Global Services S.r.l., a TeamSystem software dealer.

In 2023, the company reported total revenue of € 555 thousand and a profit of € 131 thousand.

The purchase price allocation recognised for the acquisition of Triarico S.r.l. was still provisional at 31 December 2023 and, therefore, the related goodwill was also provisional at the reporting date.

Euro thousands

STATEMENT OF FINANCIAL POSITION		
TRIARICO		
ASSETS	PPA provisional balances	NOTES
Trade receivables	34	
Cash and bank balances	263	
TOTAL CURRENT ASSETS	298	
TOTAL ASSETS	298	A

Euro thousands

STATEMENT OF FINANCIAL POSITION		
TRIARICO		
EQUITY AND LIABILITIES	PPA provisional balances	NOTES
TOTAL EQUITY	260	
Trade payables	30	
Tax liabilities - current	8	
TOTAL CURRENT LIABILITIES	38	
TOTAL LIABILITIES	38	B
TOTAL EQUITY AND LIABILITIES	298	

Fair Value of acquired net assets	260	C = A - B
Cost of the investment	754	D
Provisional Goodwill IFRS 3	494	E = D - C

The goodwill arising from the aforementioned transaction accounting was allocated entirely to the 'Professional' CGU.

Twinlogix S.r.l.

In October 2023, TeamSystem S.p.A. acquired a 100% controlling interest in Twinlogix S.r.l., a company engaged in the research and development of software solutions.

The company reported total revenue for 2023 of € 218 thousand and a loss of € 261 thousand.

The purchase price allocation recognised for the acquisition of Twinlogix S.r.l. was still provisional at 31 December 2023 and, therefore, the related goodwill was also provisional at the reporting date.

Euro thousands

STATEMENT OF FINANCIAL POSITION TWINLOGIX		
ASSETS	PPA provisional balances	NOTES
Tangible assets	72	
Intangible assets	51	
TOTAL NON CURRENT ASSETS	123	
Trade receivables	(3)	
Tax receivables	11	
Other receivables - current	7	
TOTAL CURRENT ASSETS	16	
TOTAL ASSETS	138	A

Euro thousands

STATEMENT OF FINANCIAL POSITION TWINLOGIX		
EQUITY AND LIABILITIES	PPA provisional balances	NOTES
TOTAL EQUITY	(134)	
Staff leaving indemnity	106	
TOTAL NON CURRENT LIABILITIES	106	
Financial liabilities with banks and other institutions - current	22	
Trade payables	13	
Other liabilities - current	130	
TOTAL CURRENT LIABILITIES	166	
TOTAL LIABILITIES	272	B
TOTAL EQUITY AND LIABILITIES	138	

Fair Value of acquired net assets	(134)	C = A - B
Cost of the investment	807	D
Provisional Goodwill IFRS 3	940	E = D - C

The goodwill arising from the aforementioned transaction accounting was allocated entirely to the 'Enterprise' CGU.

Datamedia S.r.l.

In October 2023, TeamSystem S.p.A. acquired a 100% controlling interest in Datamedia S.r.l., a TeamSystem software dealer.

In 2023, the company reported total revenue of € 1,393 thousand and a profit of € 199 thousand.

The purchase price allocation recognised for the acquisition of Datamedia S.r.l. was still provisional at 31 December 2023 and, therefore, the related goodwill was also provisional at the reporting date.

Euro thousands		
STATEMENT OF FINANCIAL POSITION		
DATAMEDIA		
ASSETS	PPA provisional balances	NOTES
Trade receivables	1,136	
Other receivables - current	20	
Other financial assets - current	358	
Cash and bank balances	309	
TOTAL CURRENT ASSETS	1,822	
TOTAL ASSETS	1,822	A

Euro thousands		
STATEMENT OF FINANCIAL POSITION		
DATAMEDIA		
EQUITY AND LIABILITIES	PPA provisional balances	NOTES
TOTAL EQUITY	466	
Staff leaving indemnity	71	
TOTAL NON CURRENT LIABILITIES	71	
Financial liabilities with banks and other institutions - current	16	
Trade payables	150	
Tax liabilities - current	201	
Other liabilities - current	918	
TOTAL CURRENT LIABILITIES	1,285	
TOTAL LIABILITIES	1,356	B
TOTAL EQUITY AND LIABILITIES	1,822	

Fair Value of acquired net assets	466	C = A - B
Cost of the investment	2,104	D
Provisional Goodwill IFRS 3	1,638	E = D - C

The goodwill that emerged as a result of the aforementioned transaction accounting was allocated € 0.9 million to the 'Enterprise' CGU, € 0.6 million to the 'Professional' CGU, and € 0.1 million to the 'Micro' CGU.

Rean S.r.l.

In October 2023, TeamSystem S.p.A. acquired a 100% controlling interest in Rean S.r.l., a TeamSystem software dealer.

In 2023, the company reported total revenue of € 2,404 thousand and a profit of € 286 thousand.

The purchase price allocation recognised for the acquisition of Rean S.r.l. was still provisional at 31 December 2023 and, therefore, the related goodwill was also provisional at the reporting date.

Euro thousands

STATEMENT OF FINANCIAL POSITION		
REAN		
ASSETS	PPA provisional balances	NOTES
Tangible assets	12	
Intangible assets	8	
TOTAL NON CURRENT ASSETS	20	
Trade receivables	790	
Other receivables - current	24	
TOTAL CURRENT ASSETS	814	
TOTAL ASSETS	834	A

Euro thousands

STATEMENT OF FINANCIAL POSITION		
REAN		
EQUITY AND LIABILITIES	PPA provisional balances	NOTES
TOTAL EQUITY	(2,021)	
Staff leaving indemnity	974	
TOTAL NON CURRENT LIABILITIES	974	
Trade payables	63	
Tax liabilities - current	282	
Other liabilities - current	1,535	
TOTAL CURRENT LIABILITIES	1,881	
TOTAL LIABILITIES	2,855	B
TOTAL EQUITY AND LIABILITIES	834	

Fair Value of acquired net assets	(2,021)	C = A - B
Cost of the investment	22,157	D
Provisional Goodwill IFRS 3	24,178	E = D - C

The goodwill that emerged as a result of the aforementioned transaction accounting was allocated € 9.8 million to the 'Enterprise' CGU, € 12.2 million to the 'Professional' CGU, € 1.6 million to the 'Micro' CGU, € 0.2 million to the 'Market Specific Solutions' CGU, and € 0.2 million to the 'HR' CGU.

TeamSystem Hub España S.L.

In October 2023, TeamSystem S.p.A. acquired a 100% controlling interest in TeamSystem Hub España S.L., a TeamSystem software dealer based in Spain.

The company reported total revenue for 2023 of € 49 thousand and a loss of € 35 thousand.

The purchase price allocation recognised for the acquisition of TeamSystem Hub España S.L. was still provisional at 31 December 2023 and, consequently, the related goodwill was also provisional at the reporting date.

Euro thousands

STATEMENT OF FINANCIAL POSITION TEAMSYSTEM HUB ESPAGNA		
ASSETS	PPA provisional balances	NOTES
Trade receivables	43	
Tax receivables	5	
Cash and bank balances	19	
TOTAL CURRENT ASSETS	67	
TOTAL ASSETS	67	A

Euro thousands

STATEMENT OF FINANCIAL POSITION TEAMSYSTEM HUB ESPAGNA		
EQUITY AND LIABILITIES	PPA provisional balances	NOTES
TOTAL EQUITY	30	
Trade payables	35	
Other liabilities - current	1	
TOTAL CURRENT LIABILITIES	36	
TOTAL LIABILITIES	36	B
TOTAL EQUITY AND LIABILITIES	67	
Fair Value of acquired net assets	30	C = A - B
Cost of the investment	393	D
Provisional Goodwill IFRS 3	363	E = D - C

The goodwill that emerged as a result of the aforementioned transaction accounting was allocated entirely to the 'Micro' CGU.

Soluzioni Enterprise S.r.l.

In November 2023, TeamSystem S.p.A. acquired a 100% controlling interest in Soluzioni Enterprise S.r.l., a TeamSystem software dealer.

In 2023, the company reported total revenue of € 2,157 thousand and a profit of € 281 thousand.

The purchase price allocation recognised for the acquisition of Soluzioni Enterprise S.r.l. was still provisional at 31 December 2023 and, therefore, the related goodwill was also provisional at the reporting date.

Euro thousands

STATEMENT OF FINANCIAL POSITION SOLUZIONI ENTERPRISE		
ASSETS	PPA provisional balances	NOTES
Trade receivables	64	
Tax receivables	2	
Other receivables - current	31	
Cash and bank balances	269	
TOTAL CURRENT ASSETS	366	
TOTAL ASSETS	366	A

Euro thousands

STATEMENT OF FINANCIAL POSITION		
SOLUZIONI ENTERPRISE		
EQUITY AND LIABILITIES	PPA provisional balances	NOTES
TOTAL EQUITY	(12)	
Trade payables	278	
Tax liabilities - current	92	
Other liabilities - current	8	
TOTAL CURRENT LIABILITIES	377	
TOTAL LIABILITIES	377	B
TOTAL EQUITY AND LIABILITIES	366	
Fair Value of acquired net assets	(12)	C = A - B
Cost of the investment	4,447	D
Provisional Goodwill IFRS 3	4,459	E = D - C

The goodwill that emerged as a result of the aforementioned transaction accounting was allocated € 4.3 million to the 'Enterprise' CGU and € 0.1 million to the 'HR' CGU.

Ecosystem S.r.l.

In November 2023, TeamSystem S.p.A. acquired a 100% controlling interest in Ecosystem S.r.l., a TeamSystem software dealer.

In 2023, the company reported total revenue of € 3852 thousand and a profit of € 267 thousand.

The purchase price allocation recognised for the acquisition of Ecosystem S.r.l. was still provisional at 31 December 2023 and, therefore, the related goodwill was also provisional at the reporting date.

Euro thousands

STATEMENT OF FINANCIAL POSITION		
ECOSYSTEM		
ASSETS	PPA provisional balances	NOTES
Intangible assets	12	
Deferred tax assets	14	
TOTAL NON CURRENT ASSETS	26	
Inventories	1	
Trade receivables	204	
Tax receivables	136	
Other receivables - current	92	
Cash and bank balances	1,565	
TOTAL CURRENT ASSETS	1,998	
TOTAL ASSETS	2,025	A

Euro thousands

STATEMENT OF FINANCIAL POSITION ECOSYSTEM		
EQUITY AND LIABILITIES	PPA provisional balances	NOTES
TOTAL EQUITY	1,352	
Staff leaving indemnity	144	
TOTAL NON CURRENT LIABILITIES	144	
Trade payables	379	
Other liabilities - current	150	
TOTAL CURRENT LIABILITIES	529	
TOTAL LIABILITIES	673	B
TOTAL EQUITY AND LIABILITIES	2,025	
Fair Value of acquired net assets	<u>1,352</u>	C = A - B
Cost of the investment	<u>6,835</u>	D
Provisional Goodwill IFRS 3	<u>5,483</u>	E = D - C

The goodwill that emerged as a result of the aforementioned transaction accounting was allocated € 4.2 million to the 'Professional' CGU, € 0.9 million to the 'Micro' CGU, and € 0.2 million to the 'HR' CGU.

TC Informatica S.r.l.

In November 2023, TeamSystem S.p.A. acquired a 100% controlling interest in TC Informatica S.r.l., a TeamSystem software dealer.

The company reported total revenue for 2023 of € 1,040 thousand and a loss of € 320 thousand.

The purchase price allocation recognised for the acquisition of TC Informatica S.r.l was still provisional at 31 December 2023, and therefore, the related goodwill was also provisional at the reporting date.

Euro thousands

STATEMENT OF FINANCIAL POSITION TC INFORMATICA		
ASSETS	PPA provisional balances	NOTES
Trade receivables	277	
Tax receivables	2	
Other receivables - current	12	
Cash and bank balances	62	
TOTAL CURRENT ASSETS	354	
TOTAL ASSETS	354	A

Euro thousands

STATEMENT OF FINANCIAL POSITION		
TC INFORMATICA		
EQUITY AND LIABILITIES	PPA provisional balances	NOTES
TOTAL EQUITY	(293)	
Staff leaving indemnity	30	
TOTAL NON CURRENT LIABILITIES	30	
Financial liabilities with banks and other institutions - current	94	
Trade payables	469	
Tax liabilities - current	4	
Other liabilities - current	50	
TOTAL CURRENT LIABILITIES	617	
TOTAL LIABILITIES	647	B
TOTAL EQUITY AND LIABILITIES	354	
Fair Value of acquired net assets	<u>(293)</u>	C = A - B
Cost of the investment	<u>1,314</u>	D
Provisional Goodwill IFRS 3	<u>1,607</u>	E = D - C

The goodwill that emerged as a result of the aforementioned transaction accounting was allocated € 1.1 million to the 'Professional' CGU, € 0.4 million to the 'Micro' CGU, and € 0.1 million to the 'Digital Finance' CGU.

Soluzioni Informatiche S.r.l.

In December 2023, TeamSystem S.p.A. acquired a 100% controlling interest in Soluzioni Informatiche S.r.l., a TeamSystem software dealer.

In the Group's consolidated financial statements as at 31 December 2023, only the balance sheet balances of the company Soluzioni Informatiche were consolidated, since the acquisition of this company took place in December 2023, a date close to the end of the consolidated financial year.

In 2023, the company reported total revenue of € 1,375 thousand and a profit of € 163 thousand.

The purchase price allocation recognised for the acquisition of Soluzioni Informatiche S.r.l. was still provisional at 31 December 2023 and, therefore, the related goodwill was also provisional at the reporting date.

Euro thousands

STATEMENT OF FINANCIAL POSITION		
SOLUZIONI INFORMATICHE		
ASSETS	PPA provisional balances	NOTES
Tangible assets	8	
TOTAL NON CURRENT ASSETS	8	
Trade receivables	280	
Other receivables - current	37	
Cash and bank balances	381	
TOTAL CURRENT ASSETS	698	
TOTAL ASSETS	706	A

Euro thousands

STATEMENT OF FINANCIAL POSITION SOLUZIONI INFORMATICHE		
EQUITY AND LIABILITIES	PPA provisional balances	NOTES
TOTAL EQUITY	335	
Staff leaving indemnity	16	
TOTAL NON CURRENT LIABILITIES	16	
Financial liabilities with banks and other institutions - current	153	
Trade payables	109	
Tax liabilities - current	27	
Other liabilities - current	67	
TOTAL CURRENT LIABILITIES	356	
TOTAL LIABILITIES	371	B
TOTAL EQUITY AND LIABILITIES	706	
Fair Value of acquired net assets	335	C = A - B
Cost of the investment	2,274	D
Provisional Goodwill IFRS 3	1,939	E = D - C

The goodwill that emerged as a result of the aforementioned transaction accounting was allocated € 1.3 million to the 'Professional' CGU and € 0.6 million to the 'Micro' CGU.

Bitech

In December 2023, TeamSystem S.p.A. acquired from Bitech Software e Digital S.r.l. the "Arca" business unit, which provides IT management for the production and distribution areas of medium-sized companies.

Euro thousands

STATEMENT OF FINANCIAL POSITION BITECH		
EQUITY AND LIABILITIES	PPA provisional balances	NOTES
TOTAL EQUITY	(1,195)	
Staff leaving indemnity	1,090	
TOTAL NON CURRENT LIABILITIES	1,090	
TOTAL LIABILITIES	1,195	B
TOTAL EQUITY AND LIABILITIES	0	
Fair Value of acquired net assets	(1,195)	B
Cost of the investment	250	D
Provisional Goodwill IFRS 3	1,445	E = D - B

The goodwill that emerged as a result of the aforementioned transaction accounting was allocated € 0.3 million to the 'Enterprise' CGU and € 1.1 million to the 'Professional' CGU.

16. INVESTMENTS IN OTHER COMPANIES AND INVESTMENTS IN ASSOCIATES

	Restated 31 Dec 2022	Change in cons. area	Revaluations	(Write-downs)	Additions	Other movements and disposals	31 Dec 2023
Investments in Associates	216	400	42		210		868
Other Investments	258	239				26	523
Total	474	639	42		210	26	1,391

In the column Changes in scope of consolidation, € 400 thousand relate to the associated company Innova (investment held by GreeNext). The €210 thousand reported under Additions relates to the acquisition of 35% of the newly established company LogicSystem, an Albanian company providing outsourced accounting services.

17. DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets

Deferred tax assets at 31 December 2023 amounted to € 16,614 thousand. Details of movements in deferred tax assets are provided in the following table.

DEFERRED TAX ASSETS	Restated 31 Dec 2022	Change in cons. area	Additions	Other movements and disposals	31 Dec 2023
Provision for slow-moving inventories	31			(31)	(0)
Provision for litigations and other provisions	848		384	(463)	769
Other items	0		87	(89)	(2)
Provision for bad-debts	4,813		1,173	(1,438)	4,547
Tax step-up	4,435			(813)	3,623
TeamSystem S.p.A.	10,126		1,644	(2,835)	8,936
Deferred tax asset of other Subsidiaries	4,012	2,430	712		7,154
Other Subsidiaries	4,012	2,430	712		7,154
Provision for slow-moving inventories	64	84		(61)	87
Right of use assets	48			(18)	30
Provision for litigations and other provisions		70			70
Provision for bad-debts	332	193	18	(399)	144
Staff leaving indemnity - actuarial valuation	(79)	6		38	(35)
Deferred revenues	139	567		(477)	229
Other items	69			(69)	0
Consolidation entries	573	919	18	(986)	525
Total	14,712	3,349	2,374	(3,820)	16,614

Deferred tax assets as 31 December 2023 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 it was not deducted for tax purposes. The potential deferred tax asset relating to the foregoing amounts to around € 44,069 thousand at 31 December 2023.

In addition to the above, the Group did not recognise deferred tax assets (amounting to € 2,941 thousand at 31 December 2023) 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 2023 amounted to € 310,235 thousand. Changes in deferred tax liabilities are summarised in the following table.

DEFERRED TAX LIABILITIES	Restated 31 Dec 2022	Change in cons. area	Additions	Other movements and disposals	31 Dec 2023
Fair value valuation of land and buildings	764			(77)	687
TeamSystem - Intangibles	225,513			(18,887)	206,626
Staff leaving indemnity - actuarial valuation			214		214
Investments revaluation	4,969			(67)	4,902
Other					
TeamSystem S.p.A.	231,245		214	(19,031)	212,429
Deferred tax liabilities of other Subsidiaries	53	207		(56)	204
Other Subsidiaries	53	207		(56)	204
Investments revaluation	(4,969)			67	(4,902)
Intangibles - subsidiaries	82,404	42,674		(23,862)	101,216
Capitalized development costs	859		456		1,315
Other		15		(42)	(27)
Consolidation entries	78,294	42,689	456	(23,837)	97,602
Total	309,593	42,896	670	(42,924)	310,235

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 during the purchase price allocation process in relation to:

- the extraordinary “change of control” transaction that involved the TeamSystem Group in 2021;
- price allocations resulting from subsequent acquisitions made by the TeamSystem Group.

18. NET CASH/DEBT

	31 Dec 2023			Restated 31 Dec 2022		
	Current	Non Current	Total	Current	Non Current	Total
Bank accounts and post office	46,631		46,631	145,496		145,496
Cash and bank balances	64		64	27		27
Total Cash and bank balances	46,695	0	46,695	145,523	0	145,523
Loans	2,129	-	2,129	25	-	25
Derivative instruments - assets	-	18,075	18,075	-	31,233	31,233
Others financial accruals	619	-	619	-	-	-
Accruals and prepaid commissions	39	-	39	38	-	38
Other financial assets	2,869	5,925	8,795	8,238	-	8,238
Total Other financial assets	5,657	24,000	29,657	8,301	31,233	39,534
Loans with banks	(2,286)	-	(2,286)	(1,767)	-	(1,767)
Overdrafts with banks	(0)		(0)	(2)		(2)
Finance leases liabilities	(8,728)	(20,613)	(29,341)	(11,660)	(14,524)	(26,184)
Notes	(32,405)	(1,830,000)	(1,862,405)	(21,181)	(1,635,000)	(1,656,181)
Financial liabilities with other institutions	(2,500)	-	(2,500)	(1,607)	-	(1,607)
Dividends to be paid	(40)	-	(40)	(40)	-	(40)
Total Financial liabilities	(45,959)	(1,850,613)	(1,896,572)	(36,257)	(1,649,524)	(1,685,781)
Financing Fees - notes	-	42,688	42,688	-	44,404	44,404
Financing Fees - banks	0	2,347	2,347	-	2,997	2,997
Total Financing Fees	0	45,035	45,035	0	47,402	47,402
Liabilities to non controlling shareholders of subsidiaries	(90,023)	(113,842)	(203,865)	(73,996)	(13,647)	(87,643)
Commissions financial liabilities	(156)	-	(156)	(217)	-	(217)
Total Other financial liabilities	(90,179)	(113,842)	(204,021)	(74,213)	(13,647)	(87,860)
Total	(83,786)	(1,895,420)	(1,979,207)	43,354	(1,584,536)	(1,541,182)

Net debt as of 31 December 2023 amounted to € 1,979,207 thousand.

■ Lease liabilities

The financial debt for leases at 31 December 2023 amounted to € 29,341 thousand. This liability reflects the financial liability recognised as a result of accounting for leases under IFRS 16.

■ 2028 Fixed Rate Notes, 2028 Floating Rate Notes and 2028 Private Notes, 2030 Floating Rate Notes and 2029 PIYW PIK Toggle Notes

To finance the acquisition of the TeamSystem Group, in February 2021, **Brunello Bidco S.p.A.** ("SSN Issuer") issued:

- senior secured fixed rate notes (ISIN XS2295691476 - XS2295690742) with a total nominal value of € 300 million maturing on 15 February 2028 ("**2028 Fixed Rate Notes**"). The 2028 Fixed Rate Notes bear interest at a fixed interest rate of 3.50%, payable semi-annually in arrears each 15 April and 15 October, 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 an annual spread of 3.75%, payable quarterly in arrears each 15 January, 15 April, 15 July and 15 October, commencing 15 July 2021.

The 2028 Fixed Rate Notes and the 2028 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., 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 S.p.A. with effect from 17 December 2021, issued:

- Senior Floating Rate Pay-If-You-Want PIK Toggle notes (ISIN: IT0005434441) with a total nominal value of € 300 million, which were amended on 5 October 2023, maturing on 15 December 2029 (as amended from time to time "**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 of the two, at the sole option of the PIK Issuer. The 2029 PIYW PIK Toggle Notes bear interest payable semi-annually in arrears each 15 April and 15 October, commencing 15 October 2021;

The 2029 PIYW PIK Toggle Notes are listed on the MTF of the Vienna Stock Exchange.

The fees and costs incurred for the issue of the 2028 Fixed Rate Notes, the 2028 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.

TeamSystem S.p.A. issued:

- on 06 October 2022, 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.
- On 05 October 2023, senior secured floating rate notes (ISIN XS2689127897 - XS2689129752) with a total nominal value of € 195 million maturing on 05 October 2030 ("**2030 Private Notes**" along with the **2028 Notes**, "**TeamSystem Notes**"). The 2030 Private Notes bear interest at a rate equal to the 3-month Euribor rate - with a floor of 0.00% - plus a spread of 5.50%, payable quarterly in arrears on 15 January, 15 April, 15 July, 15 October of each year starting on 15 January 2024.

The 2028 Private Notes and the 2023 Private Notes are listed on the MTF of the Vienna Stock Exchange.

■ Collateral

At 31 December 2023, the obligations arising under the **TeamSystem Notes** and the **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 and on 05 October 2023;
- 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 and on 05 October 2023.

On 31 December 2023, 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 and confirmed on 05 October 2023;
- 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 and on 05 October 2023;

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

The **RCF** credit facility (as illustrated 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

On 27 January 2021, Brunello Bidco S.p.A. (now merged with TeamSystem S.p.A.) negotiated a super senior revolving credit facility ("**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 **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 RCF line is secured by the same guarantees granted on the **TeamSystem 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.

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 fair value change of these interest rate swaps has been recognised in profit or loss for the year ended 31 December 2023.

Euro Million				
Risk Hedged	Hedged item	Company	Notional	Fair value 31 Dec 2023
Change in interest rate	Floating Rate Notes	TeamSystem S.p.A.	425.0	11.0
Change in interest rate	Floating Rate Notes	TeamSystem S.p.A.	275.0	7.1
	Total		700.0	18.1

■ Liabilities to non-controlling shareholders of subsidiaries

Liabilities to non-controlling shareholders of subsidiaries (€ 203,865 thousand at 31 December 2023) relate to put and call options and/or earn-outs and/or deferred compensation due to non-controlling interest holders of certain consolidated subsidiaries. The most significant liabilities relate to the following companies: Modefinance, Logical Soft, Mikro, My Expenses, Teamsyver, IT Review, Readytec, Sigma Sistemi.

Changes in the balance of Liabilities to non-controlling shareholders of subsidiaries in 2023 are summarised below.

	Restated 31 Dec 2022	Change in cons. area	Interest	Revaluations	Write-downs	Payments	31 Dec 2023
Liabilities to non controlling shareholders	87,643	145,674	11,959	13,017	(13,727)	(40,701)	203,865
Total	87,643	145,674	11,959	13,017	(13,727)	(40,701)	203,865

The liabilities to non-controlling shareholders of subsidiaries paid in 2023 amount to € 40,701 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: Storeden, Teamsyver, Algoritmi, Sia, Modefinance, Area 32, Progetto Studio, Newtronic.

Because of the uncertainties caused by the armed conflict between Russia and Ukraine and the conflict between Israel and Hamas, 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 2023 (such as, for example, the plan projections and the discount rates used) may be affected.

19. INVENTORIES

	31 Dec 2023	Restated 31 Dec 2022	Change	% Change
Raw and ancillary materials	335	406	(72)	-17.6%
Finished products and goods	2,103	1,205	898	74.5%
Advances	68	-	68	0.0%
(Allowance for slow-moving inventory)	(770)	(500)	(270)	53.9%
Total	1,736	1,111	625	56.3%

Inventories amounted to € 1,736 thousand at 31 December 2023 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 Dec 2023	Restated 31 Dec 2022	Change	% Change
Trade receivables	224,440	171,816	52,624	30.6%
(Allowance for bad debts)	(23,781)	(24,904)	1,123	-4.5%
Total	200,659	146,912	53,747	36.6%

Trade receivables at 31 December 2023 amounted to € 200,659 thousand, net of the allowance for bad debts of € 23,781 thousand.

Movements in the allowance for bad debts in 2023 are summarised below.

	Restated 31 Dec 2022	Change in cons. area	Other movements	(*) Additions	(*) (Utilisations)	31 Dec 2023
Allowance for bad debts	24,904	1,470		7,025	(9,618)	23,781
Total	24,904	1,470		7,025	(9,618)	23,781

(*) = 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 € 23,781 thousand at 31 December 2023.

The allowance for bad debts at 31 December 2023 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 Dec 2023	Restated 31 Dec 2022	Change	% Change
Tax credits	141	186	(45)	-24.2%
Other tax receivables	1,023	165	857	n.s.
Advances and credit on income taxes	632	610	22	3.7%
Total	1,796	961	835	86.9%

Tax receivables at 31 December 2023 amounted to € 1,796 thousand.

22. OTHER CURRENT RECEIVABLES

	31 Dec 2023	Restated 31 Dec 2022	Change	% Change
VAT receivables	8,380	475	7,906	n.s.
Deposits	1,125	666	459	68.9%
Receivables from employees	187	124	63	50.8%
Other receivables - current	19,024	8,518	10,506	n.s.
Accrued income	146	226	(80)	-35.4%
Prepayments	33,776	27,375	6,401	23.4%
Other current receivables	62,638	37,383	25,255	67.56%

Other current receivables came to € 62,638 thousand at 31 December 2023. The main components that make up this balance are Prepaid expenses (€ 33,776 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 2023 financial year for acquisitions of a number of companies that will be finalised over the course of the 2024 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	Equity attributable to Non controlling interests	TOTAL EQUITY
31 Dec 2022	14,597	1,378,765	(236)	(146,541)	1,246,585	803	1,247,388
Profit (Loss) allocation		(146,519)	(22)	146,541	0		0
Acquisition of Subsidiaries					0	(253)	(253)
Other movements		(3)			(3)		(3)
Sale of minority stake in subsidiaries		998			998	27	1,025
Acquisition of minority stake in subsidiaries		(223)			(223)	253	30
Profit (Loss)				(75,295)	(75,294)	75	(75,219)
Other Profit (Loss) on comprehensive income		(22,831)			(22,831)	0	(22,831)
31 Dec 2023	14,597	1,210,187	(258)	(75,295)	1,149,231	905	1,150,137

Equity attributable to owners of the Parent Company at 31 December 2023 amounted to € 1,149,231 thousand.

Equity attributable to non-controlling interests (€ 905 thousand) relates to equity interests held by third parties in Gruppo Euroconference 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

	31 Dec 2023	Restated 31 Dec 2022	Change	% Change
Staff leaving indemnity	35,943	24,661	11,282	45.7%
Total	35,943	24,661	11,282	45.7%

The liability associated with the staff leaving indemnity at 31 December 2023 amounted to € 35,943 thousand. The increase of € 11,282 thousand compared to the balances as at 31 December 2022 is mainly due to acquisitions made during 2023.

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:

	2023 financial year
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 2023 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 € 830 thousand (in the event of a 0.25% increase in the discount rate) and increase by approximately € 865 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 2023 consolidated statement of comprehensive income (€ 533 thousand) corresponds to the actuarial gains/losses, net of the tax effect.

25. PROVISIONS FOR RISKS AND CHARGES

	Restated 31 Dec 2022	Change in cons. area	Additions	Other movements and disposals	31 Dec 2023
Provision for pension and other obligation	1,567	346		(242)	1,671
Provision for litigations	9,610	13,238	1,684	(3,202)	21,331
Other provision for risks and charges	1,524		1,205	(526)	2,203
Total	12,701	13,584	2,889	(3,969)	25,204

Provisions for risks and charges amounted to € 25,204 thousand at 31 December 2023. Its components are as follows:

- Provision for pensions and similar obligations of € 1,671 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 the companies themselves (death, natural termination of activities and similar circumstances); accordingly, it is not possible to reliably estimate the timing of disbursements.
- the Provision for litigation, amounting to € 21,331 thousand, mainly related to certain disputes (with social security institutions and tax authorities) as well as to certain liabilities (deemed possible) allocated during the purchase price allocation process of company acquisitions (in accordance with the reference accounting standards, IFRS 3.23) made both by the TeamSystem Group (in connection with the "change of control" transaction that took place in February 2021) and subsequent acquisitions made by the TeamSystem Group. Management is currently unable to estimate when the related cash outflows will occur. The increases to the Provision for litigation and disputes in 2023, mainly refer to outstanding disputes with some suppliers as well as ongoing assessments.

The decreases to the Provision for litigation and disputes in 2023, refer to: 1) the settlement of certain tax disputes (as part of an assessment process agreed with the relevant tax authorities) that arose in relation to the 2017 tax year; 2) the release of risk provisions due to the settlement of disputes that arose in previous years.

- Other provisions for risks and charges amounted to € 2,203 thousand at 31 December 2023 which primarily includes the provision for corporate welfare plans.

26. CURRENT TAX LIABILITIES

	31 Dec 2023	Restated 31 Dec 2022	Change	% Change
Income tax payables	11,293	8,519	2,774	32.57%
Other tax liabilities	-	409	(409)	-100.00%
Total	11,293	8,928	2,365	26.5%

Income tax payables, amounting to € 11,293 thousand at 31 December 2023, refer to corporate income tax payables recognised by the individual consolidated companies based on applicable national legislation (since the TeamSystem Group conducts most of its operations in Italy, these tax payables mainly relate to IRES and IRAP taxes).

27. OTHER CURRENT AND NON-CURRENT LIABILITIES

	31 Dec 2023	Restated 31 Dec 2022	Change	% Change
VAT liabilities	3,400	4,037	(637)	-15.78%
Withholdings liabilities	7,121	5,144	1,977	38.4%
Employees payables and Social security liabilities - current	45,079	35,990	9,089	25.3%
Advances	639	1,198	(559)	-46.6%
Other liabilities	1,817	1,317	500	38.0%
Accrued liabilities	426	161	265	n.s.
Deferred revenues	154,928	103,159	51,769	50.2%
	0.0%			
Other current liabilities	213,410	151,007	62,404	41.33%
Social security liabilities - non current	335	381	(46)	-12.2%
Other tax liabilities - non current	8	8	-	0.0%
Other non current liabilities	342	389	(46)	-11.96%
Total Other liabilities	213,753	151,395	62,357	41.19%

Other current and non-current liabilities amounted to € 213,753 thousand at 31 December 2023.

Employee payables and social security liabilities of € 45,079 thousand relate to salaries and 2023 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 (€ 154,928 thousand) relates to the portion of software support contract revenue (pertaining essentially to Nuovamacut, TeamSystem, Gruppo Euroconference, Madbit Entertainment, Danae Soft, Software del Sol, Mikro) 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

As an international organisation, the Group holds assets and conducts business in currencies other than the euro (although not yet to a significant extent) and is therefore exposed to risks arising from changes in exchange rates that could affect its results of operations and the value of its equity. Many of the TeamSystem Group companies are, however, exposed to a limited degree of foreign exchange risk due to the operational management of these companies, whose cash flows (both revenues and costs) are mostly denominated in the same functional currency as the country in which these companies are based. Finally, it should be noted that the TeamSystem Group, as from September 2023, owns the Mikro Group which operates in Turkey, a country currently characterised by hyperinflation and significant fluctuations in exchange rates. However, it should be noted that almost all of the Mikro Group's transactions are carried out in Turkish lira, therefore no significant exchange rate differences arise.

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.

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 2023 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.

Interest rate risk

TeamSystem Group's financial structure calls for fixed rate debt for the **2028 Fixed Rate Notes** and variable rate debt for the **2028 Floating Rate Notes, 2028 Private Notes, 2030 Private Notes, 2029 PIYW PIK Toggle Notes**, and the **New RCF** credit facility.

The yield on the **2028 Floating Rate Notes**, the **2028 Private Notes** and the **2030 Private Notes** is tied to the 3-month Euribor rate (with a floor of 0.00%), plus a contractually established spread, or to the 6-month Euribor rate (with a floor of 0.00%), plus a contractually established 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 the interest rates payable on the Notes during 2023 had been 0.5% higher (with respect to the interest rate actually paid over during 2023), the financing costs of the Notes would have been approximately €3.4 million higher; if the interest rates payable on the Notes had been 0.50% lower (with respect to the interest rate actually paid during 2023), the financing costs of the Notes would have been approximately €3.4 million lower for the TeamSystem Group. It should also be noted that the above sensitivity calculation of the financial costs on the Notes took into account interest rate derivative contracts that the Group entered into during 2022 but which became effective during 2023. These derivative swap contracts (expiring in December 2025) stipulate that the TeamSystem Group pays a fixed interest rate and receives a variable interest rate based on the 3-month Euribor.

As regards the revolving credit facility, if interest rates payable on the RCF had been 0.5% higher during the course of 2023 (with respect to the interest rate actually paid during the course of 2023), finance costs would have been € 0.1 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 2023), the TeamSystem Group would have incurred around € 0.1 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.

The following procedures have been adopted to optimise cash flow management and reduce liquidity risk:

- maintenance of an adequate level of available liquidity;
- adoption of Cash-pooling at Group level;
- securing adequate credit lines;
- monitoring prospective liquidity conditions as part of the corporate planning process.

Despite the Group's high degree of leverage and the uncertain macroeconomic scenarios - including the ongoing Russian-Ukrainian conflict and the conflict between Israel and Hamas - liquidity is not an issue. The RCF facility itself, with a total available amount of € 180 million, remains undrawn at 31 December 2023. 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 interest rates are assumed to have remained unchanged from those in effect.

	31 Dec 2023	within 12 months	between 1 - 5 years	over 5 years	Total cash flows
FINANCIAL ASSETS					
Loans	2,129	2,129			2,129
Derivative instruments - assets	18,075	16,205	18,951		35,156
Others financial accruals	619	619			619
Accruals and prepaid commissions	39	39			39
Other financial assets	8,795	2,869	5,926		8,795
FINANCIAL LIABILITIES					
Loans with banks	(2,286)	(2,286)			(2,286)
Finance leases liabilities	(29,341)	(10,531)	(20,654)	(1,936)	(33,121)
Notes	(1,862,405)	(150,112)	(1,871,274)	(574,329)	(2,595,715)
Financial liabilities with other institutions	(2,500)	(2,500)			(2,500)
Dividends to be paid	(40)	(40)			(40)
Liabilities to non controlling shareholders of subs	(203,865)	(92,070)	(134,854)		(226,924)
Commissions financial liabilities	(156)	(156)			(156)
Total	(2,070,936)	(235,834)	(2,001,904)	(576,265)	(2,814,003)

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 term 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 2023	FVTPL	FVTOCI	AC
FINANCIAL ASSETS				
Loans	2,129			2,129
Derivative instruments - assets	18,075	18,075		
Others financial accruals	619			619
Accruals and prepaid commissions	39			39
Other financial assets	8,795	5,926		2,869
Financing Fees	45,035			45,035
Trade receivables	200,659			200,659
Equity investments	523	523		
FINANCIAL LIABILITIES				
Loans with banks	(2,286)			(2,286)
Finance leases liabilities	(29,341)			(29,341)
Notes	(1,862,405)			(1,862,405)
Financial liabilities with other institutions	(2,500)			(2,500)
Dividends to be paid	(40)			(40)
Liabilities to non controlling shareholders of subs	(203,865)	(203,865)		
Commissions financial liabilities	(156)			(156)
Trade payables	(71,529)			(71,529)
Total	(1,896,248)	(179,341)		(1,716,907)

KEY TO FINANCIAL INSTRUMENT CATEGORIES

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

Considering the characteristics of the financial assets and liabilities recorded in the financial statements and as shown by the above table, the fair value of many of these (current trade receivables and payables and current and non-current financial liabilities) do not differ from their related carrying amounts, with the exception of the **2028 Fixed Rate Notes** and the **2028 Floating Rate Notes** for which the market quotation at 31 December 2023 (92.00 for the **2028 Fixed Rate Notes** and 99.375 for the **2028 Floating Rate Notes**) corresponds to the best estimate of fair value at 31 December 2023.

Levels of fair value hierarchy

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

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

	Level 1	Level 2	Level 3	Total
Financial Assets				
Equity investments			523	523
Derivative instruments - assets		18,075		18,075
Other financial assets		5,926		5,926
		24,001	523	24,523
Financial Liabilities				
Liabilities to non controlling shareholders of subs			203,865	203,865
			203,865	203,865

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 2023 consolidated statement of profit or loss arising from the change in the fair value measurement of the liabilities to non-controlling shareholders of subsidiaries amounts to a decrease in their measurement of approximately € 13,730 thousand and an increase in their measurement of approximately € 13,016 thousand whereas € 11,964 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 and 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 2023 is that adopted for performing Group impairment tests at 31 December 2023, which is the rate that equates to the cost of debt (gross of the tax effect) of 8.30% at 31 December 2023. 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	7.3%	7.8%	8.3%	8.8%	9.3%
Liabilities to non controlling shareholders of subsidiaries	206,446	205,155	203,865	202,614	201,363

Because of the uncertainties caused by the armed conflict between Russia and Ukraine and the conflict between Israel and Hamas, 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 2023 (such as, for example, the plan projections and the discount rates used) may be affected.

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

■Collateral

At 31 December 2023, the obligations arising under the **TeamSystem Notes** and the **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 and on 05 October 2023;
- 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 and on 05 October 2023.

On 31 December 2023, 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 and confirmed on 05 October 2023;
- 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 and on 05 October 2023;

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

The **RCF** credit facility (as illustrated 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.

Other significant commitments and contractual rights

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

SUBSIDIARIES		
Put / Call Options Outstanding	31 Dec 2023	31 Dec 2022
TeamSystem Communication S.r.l.		25.00%
Techmass S.r.l.	20.00%	49.00%
TeamSystem Financial Value Chain S.r.l.	10.00%	18.80%
TeamSystem AM HoldCo S.r.l.		8.80%
Beneficy S.r.l.	49.00%	49.00%
Team4you S.r.l.	10.00%	10.00%
Habble S.r.l.		40.00%
Modefinance S.r.l.	41.00%	41.00%
Logical Soft S.r.l.	30.00%	40.00%
My Expenses S.L	40.40%	40.40%
Modefinance International S.r.l.	35.00%	35.00%
Ciaomanager S.r.l.	20.00%	49.00%
Greenext S.r.l.	4.49%	
Microntel S.p.a.	20.00%	
Mikro	48.47%	

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

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

Lease disclosures

Euro Million				
31 Dec 2023	within 12 months	between 1 - 5 years	over 5 years	Total
Leases for operational premises	6.5	14.7	1.9	23.1
Leases for motor cars	3.0	5.1		8.1
Other leases	1.0	0.9		1.9
Total	10.5	20.7	1.9	33.1

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	Country	Share capital	Equity	Currency	% held	Put / Call Options	Notes
Esaedro S.r.l. (*)	Parma	Italy	20,800	500,603	EUR	40.00		
INTIT S.r.l. (*)	Frosinone	Italy	20,800	299,041	EUR	35.00		
Cesaco S.r.l. (*)	Vicenza	Italy	90,000	25,384	EUR	48.00		
Innova S.r.l. (*)	Matera	Italy	714,288	1,547,950	EUR	20.00		
Logic System SHPK (**)	Tirana	Albania	N.A.	N.A.	LEK	35.00	14	

(*) = figures updated to 31 December 2022 financial statements.

(**) = new incorporated company

(14) = negotiated put/call options contracts that allow TeamSystem Group to reach 100% ownership

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 2023	31 Dec 2022	Change
% Held by Non Controlling Interests	3.13	3.13	0.00
Total Assets	48,445	41,958	6,487
Total Equity	37,985	32,315	5,670
Total Revenue	15,626	14,685	941
Profit (Loss) for the year	5,670	3,494	2,176

Euro thousands			
MODEFINANCE	31 Dec 2023	31 Dec 2022	Change
% Held by Non Controlling Interests	41.00	41.00	0.00
Total Assets	10,046	7,945	2,101
Total Equity	6,603	4,454	2,149
Total Revenue	8,875	6,880	1,995
Profit (Loss) for the year	2,149	1,687	462

Euro thousands			
MICRONTEL	31 Dec 2023	31 Dec 2022	Change
% Held by Non Controlling Interests	80.00	n.a.	n.a.
Total Assets	10,392	8,943	1,449
Total Equity	7,765	6,490	1,275
Total Revenue	7,051	6,512	539
Profit (Loss) for the year	1,275	785	491

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 2023 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 Dic 2023	31 Dic 2022
Directors	75	75
Statutory Auditors	45	49
Top Management	3,042	2,996
Total emoluments	3,162	3,120

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

The following table shows the fees received in the 2023 financial year by Deloitte & Touche S.p.A. and the companies belonging to the audit firm's network, categorised by audit engagements and the provision of other services:

Euro thousands			
Type of service	Service provider	Recipient	Fee
Audit	Deloitte & Touche SpA	Teamsystem Holdco	53
Audit	Deloitte & Touche SpA	Subsidiaries	521
Other services	Deloitte & Touche SpA		6
			<u>580</u>
Audit	Deloitte & Touche network	Subsidiaries	2
Other services	Deloitte & Touche network	Subsidiaries	2
			<u>2</u>

33. DISCLOSURE REQUIRED BY LAW 124 / 2017

Regarding the disclosure requirements introduced by Law 124/2017, in the 2023 financial year, 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.

Please also note that for the details of the State Aid and De-Minimis aid received, which are required to be reported in the National State Aid Register pursuant to Article 52, Law 234/2012, please refer to that register.

Valori in Euro

LEGAL ENTITY RECEIVING THE BENEFIT	PUBLIC ENTITY PROVIDING THE BENEFIT	DESCRIPTION	AMOUNT RECEIVED
Ciaomanager	Revenue Agency	Covid	2,000
CZ Informatica	Revenue Agency	Covid	1,004
CZ Informatica	National Social Insurance Agency	Social contribution exemption	6,000
Readytec	Tax Administration	Artbonus tax credit	3,250
Readytec	Tax Administration	Capital goods tax credit	2,384
Readytec	Tuscany Region	Internship Reimbursement	1,800
Readytec	Lombardy Region	Staff training Reimbursement	15,000
Multidata	Tax Administration	Contribution Law 234/2021	1,081
Multidata	Tax Administration	Contribution energy Decree Law 144/2022	2,979
Multidata	Revenue Agency	Contribution Decree Law 34/2020	14,198
IT Review	Tax Administration	Omega project	5,398

34. SUBSEQUENT EVENTS

■ Acquisition / Contribution of business units

TeamSystem 12 S.r.l.

In January 2024, the business units of the following companies were contributed to TeamSystem 12 S.r.l.:

- B&T Software & Service S.n.c.;
- Slware S.r.l.;
- Next S.r.l.;
- Nordest Informatica S.r.l.;
- Giese Dati S.r.l.;
- Zuffellato Technologies S.r.l.;
- L'informatica S.r.l.;
- Isigest S.r.l.

In February 2024, the following business units were contributed to TeamSystem 12:

- Flor Informatica S.r.l.
- SI.EL.CO. S.r.l.

■ Integration of minority shareholders in the TeamSystem Group

In the course of early 2024, ADIA (a wholly owned subsidiary of the Abu Dhabi Investment Authority), CapitalG (Alphabet's independent growth fund), Silver Lake (a global leader in technology investments), acquired minority stakes in the TeamSystem Group. Hellman & Friedman (H&F) remains the majority shareholder after these transactions.

■ Conflict between Russia and Ukraine and Israel and Hamas

The conflicts between Russia and Ukraine and the outbreak of the new conflict between Israel and Hamas (both of which are still ongoing) and the ensuing international tensions dominated 2023.

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

□ □ □

Milan, 19 April 2024

**On behalf of the Board of Directors of
TeamSystem Holdco S.p.A.
Tommaso Cohen**



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 Group ("TeamSystem Group" or "Group"), which comprise the consolidated statement of financial position as at December 31, 2023 and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2023 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 the Group as at December 31, 2023, 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, 2023 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, 2023 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 22, 2024

This report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.

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 31/12/2023***

All'Azionista unico di TeamSystem Holdco S.p.A.

La presente Relazione è predisposta secondo le disposizioni di legge e le 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 2023 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. 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 2023, 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 "impresa di partecipazione 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 2023, viene data informativa da parte degli Amministratori nella Nota integrativa relativa anche al bilancio d'esercizio 2023, e nella Relazione sulla gestione.

La struttura organizzativa della Società è coerente rispetto alla natura di "impresa di partecipazione 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.; nello scambio di informazioni intercorso con la società di revisione è stato riferito che la relazione ex art. 14 del D.Lgs. 27 gennaio 2010 n. 39 è in corso di emissione e riporterà un giudizio positivo senza rilievi sul bilancio dell'esercizio chiuso al 31 dicembre 2023.

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 2023 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 2023, come emerge dalla lettura del bilancio stesso, risulta essere negativo per Euro (312.937).

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 2023 così come è stato redatto ed è stato proposto dall'organo amministrativo.

Si approva all'unanimità.

Pesaro, lì 19 aprile 2024



P. Il Collegio sindacale

Dott. Claudio Sanchioni (Presidente del Collegio sindacale)

A handwritten signature in black ink, appearing to read 'Sanchioni', is written over the printed name. The signature is stylized with a large initial 'S' and a long, sweeping tail.

