

30 June 2023
Interim Condensed
Consolidated Financial
Statements
TeamSystem Group



**INTERIM
CONDENSED
CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE SIX MONTHS
ENDED
30 JUNE 2023**

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

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UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE FIRST SIX MONTHS ENDED 30 JUNE 2023

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**DIRECTORS’
REPORT**

► RESULTS OF OPERATIONS

Euro thousand								
RECLASSIFIED CONSOLIDATED STATEMENT OF PROFIT AND LOSS ACCOUNT					Quarter	Quarter		
	30 Jun 2023	30 Jun 2022	Change	% Change	2Q 2023	2Q 2022	Change	% Change
TOTAL REVENUE	324,877	268,733	56,144	20.9%	171,688	141,302	30,386	21.5%
COGS	(59,395)	(52,099)	(7,296)	14.0%	(31,604)	(28,845)	(2,759)	9.6%
Personnel	(101,533)	(86,963)	(14,570)	16.8%	(51,905)	(43,510)	(8,395)	19.3%
Personnel like	(12,862)	(9,877)	(2,985)	30.2%	(6,724)	(4,924)	(1,800)	36.6%
Non Personnel	(32,145)	(27,072)	(5,073)	18.7%	(16,774)	(13,419)	(3,355)	25.0%
Capitalized development costs	10,461	8,594	1,867	21.7%	4,730	4,294	436	10.2%
ADJUSTED EBITDA	129,403	101,316	28,087	27.7%	69,411	54,898	14,513	26.4%
Allowance for bad debts	(3,456)	(2,632)	(824)	31.3%	(1,916)	(1,357)	(559)	41.2%
Depreciation and amortization of non current assets	(102,857)	(100,061)	(2,796)	2.8%	(52,217)	(50,561)	(1,656)	3.3%
Other provisions for risks and charges	(11)	(31)	21	-65.8%	(5)	(31)	26	-84.7%
Non core items	(9,720)	(4,859)	(4,861)	100.0%	(4,315)	(3,339)	(976)	29.2%
OPERATING RESULT	13,359	(6,267)	19,626	-313.2%	10,958	(390)	11,348	-2909.8%
Net Finance Income (Cost)	(61,024)	(38,441)	(22,583)	58.7%	(28,807)	(14,814)	(13,993)	94.5%
PROFIT (LOSS) BEFORE INCOME TAXES	(47,665)	(44,708)	(2,957)	6.6%	(17,849)	(15,204)	(2,645)	17.4%
Current income tax	(15,951)	(16,115)	164	-1.0%	(8,915)	(10,895)	1,980	-18.2%
Deferred income tax	19,125	19,393	(268)	-1.4%	9,773	9,679	94	1.0%
PROFIT (LOSS) FOR THE YEAR	(44,492)	(41,431)	(3,061)	7.4%	(16,992)	(16,420)	(571)	3.5%
(Profit) Loss for the year - Non controlling interests	(29)	(72)	43	-59.9%	(21)	(42)	21	-50.5%
PROFIT (LOSS) FOR THE YEAR - OWNERS OF THE COMPANY	(44,521)	(41,503)	(3,018)	7.3%	(17,013)	(16,463)	(550)	3.3%

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The following comments refer to the changes between the consolidated statement of profit or loss as at 30 June 2023 and the corresponding figures for the period ended 30 June 2022.

The results as at 30 June 2023 are affected by the consolidation of the profit and loss of the following companies (which did not contribute to the 30 June 2022 consolidated profit and loss): Storeden S.r.l., ITRReview S.r.l., Ciaomanager S.r.l., TeamSyver S.r.l., CZ Informatica S.r.l., Progetto Software S.r.l., SO.GE.I. S.r.l., Fin-MD-Tech S.r.l., SIA S.r.l., Algoritmi S.r.l., Readytec S.r.l. and Readytec Emilia S.r.l. All of the previous companies (with the exception of Readytec S.r.l. and Readytec Emilia S.r.l. acquired in 2023) have been acquired / incorporated during 2022.

Instead the results of TeamSystem Tirana have been consolidated at 30 June 2023 only for balance sheet purposes.

Finally, taking account the non-materiality of some acquisitions and considering the fact that most of them took place close to the end of the quarter, the results of Sistemi IT S.r.l., Sigma Sistemi S.r.l., Microntel S.r.l., Euroges S.r.l., Multidata S.r.l., Aplifisa S.L.U., Tickeyl Digital S.L.U., Marclamara S.L. and GreeNext S.r.l. have not been consolidated for the purpose of TeamSystem Consolidated financial statements for the six months ended 30 June 2023 (see "Significant events during the first six months of 2023" section).

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

Adjusted EBITDA = This is calculated as follows:
Profit (Loss) for the period plus (i) Income tax; (ii) Financial income and expenses; (iii) Other provisions for risks and charges; (iv) Depreciation and amortization of non-current assets; (v) Allowance for bad debts; (vi) Certain costs deemed by Management to be non-core for the measurement of the

Group's performance, such as: Costs for changing and closing locations; Advisory expenses related to reorganization and cost saving projects; Personnel redundancy; Acquisitions and mergers costs; Settlements with clients and agents; Other minor items.

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

Euro Thousand		
	30 Jun 2023	30 Jun 2022
PROFIT (LOSS) FOR THE YEAR	(44,492)	(41,431)
Imposte sul reddito	(3,174)	(3,277)
Financial income and expenses	61,024	38,441
Other provisions for risks and charges	11	31
Depreciation and amortization of non current assets	102,857	100,061
Allowance for bad debts	3,456	2,632
Costs for changing and closing locations	-	272
Advisory expenses related to reorganization and cost saving projects	3,066	882
Personnel redundancy	1,376	784
Acquisitions and mergers costs	4,203	2,037
Settlements with clients and agents	963	611
Other cost - (income)	111	273
ADJUSTED EBITDA	129,403	101,316

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

For the period ended 30 June 2023 Adjusted EBITDA amounts to € 129,403 thousand, up by € 28,087 thousand compared to the amount at 30 June 2022 (€ 101,316 thousand). The increase is mainly attributable to the change in the consolidation area and to the organic growth experienced by the Group in the first six months of 2023.

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TOTAL REVENUE: Total Revenue for the period ended 30 June 2023 amounts to € 324,877 thousand, up by € 56,144 thousand compared to the corresponding figure for the period ended 30 June 2022 (€ 268,733 thousand). The increase is mainly attributable to the change in the consolidation area and to the organic growth experienced by the Group in the first six months of 2023.

Euro Millions

	30 Jun 2023	30 Jun 2022	Change	% Change
Enterprise	74.1	59.3	14.8	25.0%
Recurring	54.1	44.2	9.9	22.4%
Other Revenues	20.0	15.1	4.9	32.5%
Professional	101.6	81.3	20.3	25.0%
Recurring	92.9	75.2	17.7	23.5%
Other Revenues	8.7	6.1	2.6	42.6%
Micro	70.0	56.0	14.0	25.1%
Recurring	66.2	52.6	13.6	25.9%
Other Revenues	3.8	3.4	0.4	12.4%
Digital Finance	9.7	8.9	0.8	8.8%
Recurring	7.3	7.0	0.3	4.9%
Other Revenues	2.3	1.9	0.4	23.2%
Market Specific Solution	55.9	53.3	2.6	4.9%
Recurring	35.9	33.0	2.9	8.8%
Other Revenues	20.0	20.3	(0.3)	-1.5%
HR	13.4	9.8	3.6	37.1%
Recurring	10.5	8.3	2.2	26.7%
Other Revenues	2.9	1.5	1.4	94.7%
TOTAL REVENUE	324.8	268.6	56.2	20.9%
Total Recurring Revenues	267.0	220.3	46.7	21.2%
Total Other Revenues	57.8	48.3	9.5	19.6%

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

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

In aggregate, Recurring revenue for the first six months of 2023 increased by € 46.7 million compared to the previous period and was mainly driven by sales relating to the:

- Professional Business Unit (which recorded an increase in Recurring revenue of € 17.7 million compared to 2022, representing an increase of approximately 23.5%);
- Micro Business Unit, with an increase in Recurring revenue of € 13.6 million (or approximately 25.9% more than in 2022).

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OPERATING SEGMENT

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.

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

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

Segment information is presented below:

Euro Millions							
30 Jun 2023							
OPERATING SEGMENTS	ENT	PROF	MICRO	DIF	MSS	HR	TOTALE
TOTAL REVENUE	74.1	101.6	70.0	9.7	55.9	13.4	324.8
FIRST MARGIN	35.0	55.9	41.7	3.8	15.1	3.6	155.1
INDIRECT COSTS							(36.2)
CAPITALISED DEVELOP COSTS							10.5
ADJUSTED EBITDA							129.4

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

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CONSOLIDATED STATEMENT OF CASH FLOWS

Euro thousands								
CONSOLIDATED STATEMENT OF CASH FLOWS	30 Jun 2023	30 Jun 2022	Change	% Change	2Q 2023	2Q 2022	Change	% Change
CASH FLOWS FROM OPERATING ACTIVITIES	148,357	114,992	33,364	29.0%	79,563	64,316	15,247	23.7%
Capital Expenditure	(19,712)	(16,843)	(2,869)	17.0%	(8,890)	(7,928)	(962)	12.1%
Acquisition of investments	(115,932)	(16,985)	(98,947)	n.s.	(25,414)	(4,363)	(21,051)	n.s.
CASH FLOWS FROM INVESTING ACTIVITIES	(135,644)	(33,829)	(101,815)	n.s.	(34,304)	(12,291)	(22,013)	n.s.
Financial balance paid / cashed-in	(42,954)	(100,953)	57,999	-57.5%	(26,615)	(83,976)	57,361	-68.3%
Financing Fees paid	(21)	0	(21)	0.0%	(21)	0	(21)	0.0%
Liabilities to non controlling shareholders of subsidiaries	(29,940)	(16,882)	(13,058)	77.3%	(29,353)	(16,487)	(12,867)	78.0%
CASH FLOWS FROM FINANCING ACTIVITIES	(72,915)	(117,835)	44,920	-38.1%	(55,990)	(100,462)	44,473	-44.3%
Change in Exchange rates	6	(4)	11	n.s.	5	(2)	7	n.s.
INCREASE (DECREASE) IN CASH AND BANK BALANCES	(60,196)	(36,676)	(23,521)	64.1%	(10,726)	(48,439)	37,713	-77.9%

Cash flows from operating activities amount to € 148,357 thousand for the period ended 30 June 2023, increasing by € 33,364 thousand, compared to the corresponding flows for the period ended 30 June 2022 (€ 114,992 thousand).

It should also be noted that 31 December 2022 was not a business day, and therefore, collection of about € 7.9 million in electronic bank receipts falling due on 31 December 2022 were postponed to 2023. Without this “weekend effect”, operating cash flows for the first six months of 2023 would have amounted to € 140.4 million.

Cash flows from investing activities changed from negative € 33,829 thousand in the period ended 30 June 2022 to negative € 135,644 thousand for the corresponding period of 2023.

The main investment activities for the first six months of 2023 are related to:

- capitalized development costs and capital expenditures on tangible and intangible assets, see “Capital expenditure” section;
- the cash-out paid for the acquisition (mainly consisting in Readytec, Aplifisa, Microntel and Multidata).

Cash flows from financing activities changed from negative € 117,835 thousand in the period ended 30 June 2022 to negative € 72,915 thousand for the corresponding period of 2023.

The main cash items occurred in the first six months of 2023 are attributable to:

- the payment of IFRS16 leases liabilities, consisting of principal and interests;
- the adjustments of considerations paid in relation to recent acquisitions of investments and the payments for a acquisition of further equity interests in a ready controlled companies via the execution of existing put-call contracts;
- the payment of Interests on Notes.

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► WORKING CAPITAL

Euro thousand				
	30 Jun 2023	31 Dec 2022	Change	% Change
Trade receivables	216,211	148,296	67,915	45.8%
Inventories	1,046	1,111	(65)	-5.9%
Other receivables - current	52,610	37,383	15,227	40.7%
Trade payables	(63,414)	(67,646)	4,232	-6.3%
Other liabilities - current	(287,012)	(150,466)	(136,546)	90.7%
WORKING CAPITAL	(80,560)	(31,322)	(49,238)	157.2%

At 30 June 2023 Working capital amounts to negative € 80,560 thousand, with a change of € 49,238 thousand compared to the balance at 31 December 2022 (negative € 31,322 thousand). The movement is primarily attributable to Other liabilities (which balance is negative € 287,012 thousand at 30 June 2023 compared to negative € 150,466 thousand at 31 December 2022) and to Trade receivables (which balance is € 216,211 thousand at 30 June 2023 compared to € 148,296 thousand at 31 December 2022).

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

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

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► CAPITAL EXPENDITURE

Euro thousand	30 Jun 2023	30 Jun 2022	Change	% Change
Investments in tangible assets	(1,781)	(1,597)	(184)	11.5%
Investments in intangible assets	(7,470)	(6,652)	(818)	12.3%
Capitalized development costs - personnel costs	(8,675)	(6,404)	(2,271)	35.5%
Capitalized development costs - service costs	(1,786)	(2,190)	404	-18.4%
CAPITAL EXPENDITURE	(19,712)	(16,843)	(2,869)	17.0%

In the period ended 30 June 2023 the Capital expenditure amounts to € 19,712 thousand with an increase of € 2,869 thousand compared to 30 June 2022 balance (€ 16,843 thousand).

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► SIGNIFICANT EVENTS DURING THE FIRST SIX MONTHS OF 2023

● ACQUISITION OF INVESTMENT

TeamSystem 10 S.r.l.

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

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

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

Readytec S.p.A.

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

Readytec Emilia S.r.l.

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

Sistemi IT S.r.l.

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

Sigma Sistemi S.r.l.

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

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

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

Multidata S.r.l.

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

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% stake in Aplifisa S.L.U., a company that commercialize software solutions for the accountant market in Spain;
- 2) a 100% stake in Ticcyl Digital S.L.U., a company which hold the R&D structure of Aplifisa;
- 3) a 100% stake in Marclamara S.L.. Marclarama S.L. holds a digital platform providing ancillary services (training, webinar, etc) for the accountant market in Spain.

GreeNext Technologies S.p.A.

In May 2023, TeamSystem S.p.A. acquired a controlling stake (95,51%) in GreeNext Technologies S.p.A., a company that develops and markets waste management system software.

Unitsystem Shpk / TeamSystem Tirana

In May 2023, TeamSystem S.p.A. acquired a controlling stake (100%) in Unitsystem Shpk, a company based in Tirana, Albania, active in the design, implementation and development of information systems and application programs.

After the acquisition, Unitsystem Shpk changed its company name in TeamSystem Tirana.

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► SIGNIFICANT SUBSEQUENT EVENTS

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

In July 2023, TeamSystem S.p.A. acquired:

- 1) a 100% stake in MailUp S.p.A., a company which is active in Email Service Provider industry;
- 2) a 100% stake in MailUp Nordics A/S a company which is active in Email Service Provider industry. MailUp Nordics A/S holds a 100% equity interest in Globase International A.p.S.

In July 2023, Software Del Sol acquired a 100% stake in Acumbamail S.L., a company which is active in Email Service Provider industry.

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► ONGOING DEVELOPMENTS

Acquisitions, Joint Ventures and Other Business Combinations

We believe that we have demonstrated the ability to successfully integrate acquisitions. As a result, our business strategy includes acquiring businesses and entering into joint ventures and other business combinations if there is a strategic product fit or an activity that would complement our product offering.

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► RELATED PARTY TRANSACTIONS

In the first six months of 2023, transactions with subsidiaries and the parent company formed part of the Group's normal operations and were entered into at arm's length. TeamSystem Group has not been party to any transactions with related companies that merit disclosure, other than those previously commented upon.

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BOARD OF DIRECTORS, STATUTORY AUDITORS and OTHER INFORMATION

BOARD OF DIRECTORS 30 Jun 2023	
VINCENZO MORELLI FEDERICO LEPROUX TOMMASO COHEN VINCENZO FERRARI LUCA VELUSSI BLAKE CHRISTOPHER KLEINMAN ALESSANDRA BRAMBILLA GUILLAUME CHARLES VANMOERBEKE LUCIO DI CIACCIO	CHAIRMAN CHIEF EXECUTIVE OFFICER DIRECTOR DIRECTOR DIRECTOR DIRECTOR DIRECTOR DIRECTOR

BOARD OF STATUTORY AUDITORS 30 Jun 2023	
CLAUDIO SANCHIONI FABIO LANDUZZI NICOLE MAGNIFICO IVANO ANTONIOLI CRISTINA AMADORI	CHAIRMAN STATUTORY AUDITOR STATUTORY AUDITOR ALTERNATIVE AUDITOR ALTERNATIVE AUDITOR

REGISTERED OFFICE and OTHER INFORMATION	
TEAMSYSTEM HOLDCO S.P.A. REGISTERED OFFICE SHARE CAPITAL TAX CODE REA - PESARO INDEPENDENT AUDITORS	PESARO - Via Sandro Pertini, 88 Euro 14,596,648 11360450966 271034 DELOITTE & TOUCHE S.p.A.

**UNAUDITED
INTERIM CONDENSED
CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE SIX MONTHS
ENDED
30 JUNE 2023**

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

UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2023

Euro thousands

CONSOLIDATED STATEMENT OF PROFIT OR LOSS	30 Jun 2023	30 Jun 2022	NOTES
Revenue	323,121	266,892	1
Other operating income	1,755	1,841	1
TOTAL REVENUE	324,877	268,733	1
Cost of raw and other materials	(26,230)	(23,283)	2
Cost of services	(82,071)	(64,905)	3
Personnel costs	(94,235)	(81,343)	4
Other operating costs	(2,658)	(2,746)	5
Depreciation and amortization of non current assets	(102,857)	(100,061)	
Allowance for bad debts	(3,456)	(2,632)	
Other provisions for risks and charges	(11)	(31)	
OPERATING RESULT	13,359	(6,267)	
Finance income	7,537	11,757	6
Finance cost	(68,561)	(50,198)	7
PROFIT (LOSS) BEFORE INCOME TAXES	(47,665)	(44,708)	
Current income tax	(15,951)	(16,115)	
Deferred income tax	19,125	19,393	14
TOTAL INCOME TAX	3,174	3,277	
PROFIT (LOSS) FROM CONTINUING OPERATIONS	(44,492)	(41,431)	
PROFIT (LOSS) FOR THE YEAR	(44,492)	(41,431)	
(Profit) Loss for the year - Non controlling interests	(29)	(72)	
PROFIT (LOSS) FOR THE YEAR - OWNERS OF THE COMPANY	(44,521)	(41,503)	
ADJUSTED EBITDA	129,403	101,316	

Euro thousands

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	30 Jun 2023	30 Jun 2022	NOTES
PROFIT (LOSS) FOR THE YEAR	(44,492)	(41,431)	20
Exchange rate differences	8	(6)	20
ITEMS THAT WILL BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS NET OF TAX	8	(6)	20
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	(44,484)	(41,437)	
Total comprehensive (income) loss for the year attributable to Non controlling interests	(28)	(72)	
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR - OWNERS OF THE COMPANY	(44,512)	(41,509)	

Euro thousands

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS	30 Jun 2023	31 Dec 2022	NOTES
Tangible assets	15,897	16,203	9
Intangible assets	1,237,037	1,315,044	10
Right of use	22,609	23,154	11
Goodwill	1,855,195	1,805,191	12
Other Investments	86,704	258	13
Investments in associates	216	216	13
Deferred tax assets	13,701	14,293	14
Other financial assets - non current	34,775	31,233	15
TOTAL NON CURRENT ASSETS	3,266,135	3,205,592	
Inventories	1,046	1,111	16
Trade receivables	216,211	148,296	17
Tax receivables	5,205	961	18
Other receivables - current	52,610	37,383	19
Other financial assets - current	9,095	8,301	15
Cash and bank balances	85,327	145,523	15
TOTAL CURRENT ASSETS	369,493	341,575	
TOTAL ASSETS	3,635,628	3,547,166	

Euro thousands

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EQUITY AND LIABILITIES	30 Jun 2023	31 Dec 2022	NOTES
Share capital	14,597	14,597	20
Other reserves	1,232,256	1,378,765	20
Retained earnings (accumulated losses)	(258)	(236)	20
Profit (Loss) attributable to Owners of the Company	(44,521)	(146,541)	20
TOTAL EQUITY attributable to OWNERS OF THE COMPANY	1,202,074	1,246,585	
Non controlling interests - Capital and reserves	803	800	20
Non controlling interests - Profit (Loss)	29	3	20
TOTAL NON CONTROLLING INTERESTS	832	803	
TOTAL EQUITY	1,202,906	1,247,388	
Financial liabilities with banks and other institutions - non current	1,655,331	1,658,233	15
Staff leaving indemnity	27,107	24,724	21
Provisions for risks and charges - non current	12,572	12,701	22
Deferred tax liabilities	289,782	309,593	14
Other liabilities - non current	365	389	23
TOTAL NON CURRENT LIABILITIES	1,985,157	2,005,640	
Financial liabilities with banks and other institutions - current	89,076	67,098	15
Trade payables	63,414	67,646	
Tax liabilities - current	8,063	8,928	24
Other liabilities - current	287,012	150,466	23
TOTAL CURRENT LIABILITIES	447,565	294,138	
TOTAL LIABILITIES	2,432,722	2,299,778	
TOTAL EQUITY AND LIABILITIES	3,635,628	3,547,166	

Euro thousands

CONSOLIDATED STATEMENT OF CASH FLOWS	30 Jun 2023	30 Jun 2022	NOTES
Operating Result	13,359	(6,267)	
Depreciation and amortisation of non-current assets	102,857	100,061	
Depreciation and amortisation of non-current assets	102,857	100,061	
Trade receivables	(62,246)	(61,323)	
Inventories	124	(302)	
Other receivables	(11,439)	(7,440)	
Trade payables	(7,232)	(8,945)	
Other liabilities	133,848	112,317	
Change in Working capital	53,056	34,306	
Staff leaving indemnity	173	299	
Provisions for risks and charges	(129)	219	
Change in provisions	44	518	
Income tax paid	(20,960)	(13,626)	
CASH FLOWS FROM OPERATING ACTIVITIES	148,357	114,992	8
Investments in tangible assets	(1,781)	(1,597)	
Investments in intangible assets	(7,470)	(6,652)	
Capitalized development costs - personnel costs	(8,675)	(6,404)	
Capitalized development costs - service costs	(1,786)	(2,190)	
Capital Expenditure	(19,712)	(16,843)	
Acquisition of investments	(117,143)	(16,985)	8
Cash and bank balances at the date of acquisition	1,210	0	
Acquisition of investments	(115,932)	(16,985)	
CASH FLOWS FROM INVESTING ACTIVITIES	(135,644)	(33,829)	
Financial balance paid / cashed-in and change in financial assets / liabilities	(42,954)	(100,953)	8
Financing Fees paid	(21)	0	8
Liabilities to non controlling shareholders of subsidiaries	(29,940)	(16,882)	8
CASH FLOWS FROM FINANCING ACTIVITIES	(72,915)	(117,835)	
INCREASE (DECREASE) IN CASH AND BANK BALANCES DUE TO EXCHANGE RATE MOVEMENTS	6	(4)	
INCREASE (DECREASE) IN CASH AND BANK BALANCES	(60,196)	(36,676)	
CASH AND BANK BALANCES - BEGINNING OF THE YEAR	145,523	59,084	
CASH AND BANK BALANCES - END OF THE YEAR	85,327	22,408	

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Other reserves	Retained earnings (accumulated losses)	Profit (Loss) attributable to Owners of the Company	Equity attributable to Owners of the Company	Non controlling interests	TOTAL
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
Profit (Loss) for the year				(44,521)	(44,521)	29	(44,492)
Other Profit (Loss) on comprehensive income		9			9	(1)	8
30 Jun 2023	14,597	1,232,256	(258)	(44,521)	1,202,074	832	1,202,906

TeamSystem Group

NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 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 in the provision of training targeted at associations, small and medium-sized enterprises and Professionals (accountants, labour consultants, lawyers, condominium managers and self-employed professionals). Effective 2019, via the incorporation and acquisition of financial companies, the Group has extended its range of services to encompass financial services.

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►BASIS OF PREPARATION

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

The accounting standards adopted for the preparation of the TeamSystem Holdco S.p.A. consolidated financial statements for the period ended 30 June 2023 are the same of that used for the preparation of TeamSystem Holdco S.p.A. consolidated financial statements for the period ended 31 December 2022 (to which reference should be made).

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

The interim consolidated financial statements for the period ended 30 June 2023 consist of a consolidated statement of financial position, a consolidated statement of profit or loss, a consolidated statement of comprehensive income, a consolidated statement of cash flows, a consolidated statement of changes in equity and notes to the interim consolidated financial statements components.

The format used for the financial statements is the same as that used for the preparation of the TeamSystem Holdco S.p.A. consolidated financial statements for the year ended 31 December 2022.

This interim consolidated financial report for the first six months ended 30 June 2023 is presented in Euros and all amounts have been rounded to Euro thousands, unless otherwise specified.

The consolidated financial statements of TeamSystem Holdco S.p.A. and its subsidiaries (TeamSystem Group) for the period ended 30 June 2023 and 30 June 2022 have not been audited.

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► SCOPE OF CONSOLIDATION

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

Amounts in Euro

CONSOLIDATED COMPANIES LINE BY LINE	Registered office	Share capital	Equity	Currency	% held	% held with put/call options	Put / Call Options	Notes
TeamSystem Holdco S.p.A.	Pesaro	14,596,648	1,454,231,430	EUR				
TeamSystem Holdco 1 S.r.l.	Pesaro	3,000	1,454,754,421	EUR	100.00	100.00		
TeamSystem Holdco 2 S.r.l.	Pesaro	3,000	1,453,637,975	EUR	100.00	100.00		
TeamSystem Holdco 3 S.p.A.	Pesaro	50,000	1,444,028,903	EUR	100.00	100.00		
TeamSystem S.p.A.	Pesaro	24,000,000	1,427,504,638	EUR	100.00	100.00		
Techmass S.r.l.	Bassano del Grappa (VI)	11,538	916,323	EUR	80.00	100.00	1	
Area 32 S.r.l.	San Donà di Piave (VE)	10,000	1,140,050	EUR	100.00	100.00		
Beneficy S.r.l.	Roma	90,000	283,974	EUR	51.00	100.00	1	
Team4you S.r.l.	Ripalimosani (CB)	10,000	1,420,129	EUR	90.00	100.00	1	
Habble S.r.l.	Vecchiano (PI)	21,930	4,401,315	EUR	100.00	100.00		
Software del Sol S.A.	Mengibar (Jaén)	75,000	6,832,320	EUR	100.00	100.00		
TeamSystem 8 S.r.l.	Milano	12,000	1,742,582	EUR	100.00	100.00		
My Expenses S.L.	Madrid	73,074	1,022,528	EUR	59.60	100.00	1	
Bilfin Factura Electronica S.L.	Bilbao	3,050	(97,971)	EUR	100.00	100.00		2
Logical Soft S.r.l.	Desio (MB)	200,000	5,825,840	EUR	70.00	100.00	1	
TeamSystem 11 S.r.l.	Milano	10,000	(396,345)	EUR	100.00	100.00		
Progetto Studio S.r.l.	Verona	100,000	6,578,357	EUR	100.00	100.00		3
Data-Consult S.r.l.	Vado Ligure (SV)	50,000	1,954,372	EUR	100.00	100.00		3
Selda S.r.l.	Chiavari (GE)	20,000	1,178,498	EUR	100.00	100.00		4
NewTronic S.r.l.	Padova	93,000	3,397,610	EUR	100.00	100.00		5
Cesio S.r.l.	Brescia	90,000	345,582	EUR	100.00	100.00		5
TeamSystem Service S.r.l.	Campobasso	200,000	63,384,327	EUR	100.00	100.00		
TeamSystem Communication S.r.l.	Civitanova Marche (MC)	23,300	646,949	EUR	75.00	100.00	1	
Danea Soft S.r.l.	Vigonza (PD)	100,000	71,070,079	EUR	100.00	100.00		
Madbit Entertainment S.r.l.	Treviolo (BG)	10,000	136,531,235	EUR	100.00	100.00		6
Nuovamacut Automazione S.p.A.	Bologna	108,000	37,193,105	EUR	100.00	100.00		
Gruppo Euroconference S.p.A.	Verona	300,000	34,435,630	EUR	96.87	96.87		7
Teamsystem Tirana	Tirana (ALBANIA)	10,000	(3,402,144)	LEK	100.00	100.00		
Reviso International ApS	Copenhagen	50,011	(1,199,388)	DKK	100.00	100.00		
Reviso Cloud Accounting Limited	Reading	1	54,485	GBP	100.00	100.00		8
Reviso Deutschland GmbH	Berlino	25,000	59,133	EUR	100.00	100.00		8
Mondora S.r.l.	Milano	105,000	4,375,788	EUR	100.00	100.00		
Voispeed UK Ltd	Saint Albans - UK	1,000	119,991	GBP	85.00	85.00		9
Cassanova S.r.l.	Sant. di Romagna (RN)	10,000	3,155,888	EUR	100.00	100.00		
TeamSystem Financial Value Chain S.r.l.	Milano	4,931,373	13,452,331	EUR	90.00	100.00	1	
Whit-e S.r.l.	Milano	15,000	5,297,330	EUR	100.00	100.00		10
TeamSystem AM Holdco S.r.l.	Milano	10,000	1,096,893	EUR	100.00	100.00		10
TeamSystem Capital at Work SGR S.p.A.	Milano	100,000	771,776	EUR	91.00	91.00		11
FIN-MD-TECH SRL	Milano	50,000	83,345	EUR	100.00	100.00		10
TeamSystem Payments Holdco S.r.l.	Milano	10,000	3,159,773	EUR	100.00	100.00		
TeamSystem Payments S.r.l.	Milano	125,000	2,148,557	EUR	100.00	100.00		12
Modefinance S.r.l.	Trieste	210,000	5,326,719	EUR	59.00	100.00	1	
Modefinance International S.r.l.	Milano	100,000	270,918	EUR	65.00	100.00	1	13
Storeden S.r.l.	Villorba (TV)	20,000	789,457	EUR	100.00	100.00		
TeamSystem 10 S.r.l.	Milano	12,500	3,042,596	EUR	100.00	100.00		
ITReview S.r.l.	Noventa Padovana (PD)	50,000	1,175,107	EUR	100.00	100.00		
Ciaomanager S.r.l.	Trento (TN)	8,350	230,585	EUR	80.00	100.00	1	
TeamSyver S.r.l.	Negrar di Valpolicella (TV)	10,000	1,228,581	EUR	100.00	100.00		
CZ Informatica S.r.l.	Agliana (PT)	25,000	128,320	EUR	100.00	100.00		
Progetto Software S.r.l.	Carrara (MS)	10,400	660,420	EUR	100.00	100.00		
Software gestionale integrato Srl - SO.GE.I.	Cagliari	15,000	568,209	EUR	100.00	100.00		14
Algoritmi S.r.l.	Tremestieri Etneo (CT)	10,000	531,434	EUR	100.00	100.00		
SIA S.r.l.	Castelleone (CR)	10,710	2,755,840	EUR	100.00	100.00		
Readytec S.p.A.	Chiusi (SI)	835,058	3,826,635	EUR	100.00	100.00		
Readytec Emilia S.r.l.	Milano	10,000	2,868,546	EUR	100.00	100.00		

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

Amounts in Euro

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

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► CHANGES TO THE SCOPE OF CONSOLIDATION DURING THE FIRST SIX MONTHS OF 2023

The 30 June 2023 scope of consolidation has changed compared to the TeamSystem Holdco Consolidated financial statements for the period ended 31 December 2022 because of the consolidation of:

- Readytec S.p.A.;
- Readytec Emilia S.r.l.;
- TeamSystem Tirana (consolidated only for the balance sheet as at 30 June 2023).

As regards the investments in Sistemi IT S.r.l., Sigma Sistemi S.r.l., Microntel S.r.l., Multidata S.r.l., Aplifisa S.L.U., TiccylDigital S.L.U., Marclamara S.L. and GreeNext S.r.l. (see “Significant events during the first six months of 2023” section, in Directors’ Report), their results and their financial position have not been consolidated for the purpose of TeamSystem Consolidated financial statements for the six months ended 30 June 2023, taking into account the non-materiality of some acquisitions in question and considering the fact that most of them took place close to the end of the quarter.

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► TRANSLATION OF FOREIGN CURRENCY FINANCIAL STATEMENTS

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

The foreign companies included in the scope of consolidation at 30 June 2023 that use a currency other than the Euro are: Voispeed Limited and Reviso Cloud Accounting Limited, which use the British Pound (GBP), Reviso International ApS, which uses the Danish Krone (DKK) and TeamSystem Tirana which uses the Albanian Lek (LEK).

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

EXCHANGE RATES						
	Average 30 Jun 2023	Average 30 Jun 2022	%	30 Jun 2023	31 Dec 2022	%
GBP	0.88	0.84	4.8%	0.86	0.89	-3.4%
DKK	7.44	7.44	0.0%	7.44	7.44	0.0%
LEK	112.83			106.49		

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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.

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

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

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► USE OF ESTIMATES

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

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

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

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Notes to Interim Unaudited Consolidated Financial Statement Components (All amounts are expressed in thousands of Euro except where otherwise indicated)

1. TOTAL REVENUE

Total revenue for the period ended 30 June 2023 amounts to € 324.8 million, and is comprised of Revenue of € 323.1 million and Other Revenue of € 1.7 million. Total revenue for period ended 30 June 2022 stood at € 268.6 million.

The table below provides a breakdown of total revenue for the 30 June 2023 and for the 30 June 2022 period based on whether control was passed over time or at a point in time:

Euro Millions		
	2,023	2,022
Over time	267.0	220.3
Point in time	57.8	48.3
TOTAL REVENUE	324.8	268.6

Lastly, it should be noted that there is no concentration of revenue with any specific customer, given the notable segmentation of Group sales which, for the six months ended 30 June 2023, were almost exclusively realised in Italy.

2. COST OF RAW AND OTHER MATERIALS

	30 Jun 2023	30 Jun 2022	Change	% Change
Hardware purchases	5,291	5,236	55	1.0%
Third party' software	18,042	16,452	1,590	9.7%
Handbooks and forms	8	-	8	0.0%
Materials for education	43	52	(9)	-18.1%
Fuel	1,368	1,021	347	34.0%
Other materials	1,375	821	554	67.4%
Change in inventory of raw materials	105	(300)	404	n.s.
Total	26,230	23,283	2,947	12.7%

Cost of raw and other materials amounts to € 26,230 thousand for the period ended 30 June 2023, up by € 2,947 thousand compared to the amount at 30 June 2022 (€ 23,283 thousand). This increase, mainly recorded in the line item Hardware purchases, is attributable to the change in the consolidation area and to the organic growth experienced by the Group in the first six months of 2023.

3. COST OF SERVICES

	30 Jun 2023	30 Jun 2022	Change	% Change
Agent commissions and other costs	11,497	8,288	3,209	38.7%
Consulting and third parties services	10,223	8,638	1,585	18.3%
Software and Hardware maintenance costs	18,855	14,370	4,485	31.2%
Customer support service costs	4,186	3,577	609	17.0%
Administrative and management consulting costs	2,804	2,314	490	21.2%
Financial interest costs	1,542	1,999	(457)	-22.9%
Education - consulting and copyrights	1,418	1,185	233	19.7%
Magazines - consulting and copyrights	588	787	(200)	-25.4%
Other costs for education services	80	165	(85)	-51.6%
Advertising and marketing	10,517	10,194	323	3.2%
Management Fees	60	-	60	0.0%
Car rentals	2,039	1,728	311	18.0%
Rebate costs	2,285	2,479	(193)	-7.8%
Utilities	2,236	2,099	137	6.5%
Costs for services - Non core	8,199	3,265	4,934	n.s.
Other service expenses	7,329	6,007	1,322	22.0%
Cost of services - Gross of capitalization	83,857	67,094	16,763	25.0%
Services capitalised development costs	(1,786)	(2,190)	403	-18.4%
			0	0.0%
Total	82,071	64,905	17,166	26.4%

Cost of services for the period ended 30 June 2023 amounts to € 82,071 thousand, up by € 17,166 thousand from the amount of the period ended 30 June 2022 (€ 64,905 thousand).

As regards the capitalisation of cost of services recognised in the first six months of 2023, reference should be made to the Note 10 Intangible Assets.

4. PERSONNEL COSTS

	30 Jun 2023	30 Jun 2022	Change	% Change
Wages, salaries and social contributions	91,620	79,132	12,487	15.8%
Staff leaving indemnities	4,287	3,941	346	8.8%
Other personnel costs	2,744	1,594	1,150	72.2%
Personnel costs for redundancy and reorganizations	1,377	784	593	75.6%
Employees costs	100,028	85,451	14,577	17.1%
				0.0%
Freelancers and collaborators fees	262	150	112	75.0%
Directors' fees and related costs	2,619	2,147	473	22.0%
Directors and Collaborators	2,881	2,296	585	25.5%
Personnel - Gross of capitalization	102,909	87,747	15,162	17.28%
Personnel capitalised development costs	(8,675)	(6,404)	(2,270)	35.4%
Total	94,235	81,343	12,892	15.8%

Personnel costs for the period ended 30 June 2023 (€ 94,235 thousand) have increased by € 12,892 thousand, compared to the corresponding amount for the period ended 30 June 2022 (€ 81,343 thousand), as a consequence of the change in the consolidation area and of the organic growth experienced by the Group in the first six months of 2023.

As regards the capitalisation of personnel costs recognised in the first six months of 2023, reference should be made to the Note 10 Intangible Assets.

5. OTHER OPERATING COSTS

	30 Jun 2023	30 Jun 2022	Change	% Change
Condominium expenses and other rents	891	652	239	36.6%
Rentals	145	205	(60)	-29.1%
Other expenses for use of third parties assets	82	84	(2)	-2.2%
Other taxes	394	307	87	28.4%
Losses from assets disposals	8	45	(37)	-81.8%
Other expenses	1,138	1,453	(315)	-21.7%
Total	2,658	2,746	(87)	-3.2%

Other operating costs for the period ended 30 June 2023 (€ 2,658 thousand) have decreased for an amount of € 87 thousand compared to the corresponding amount for the period ended 30 June 2022 (€ 2,746 thousand).

6. FINANCE INCOME

	30 Jun 2023	30 Jun 2022	Change	% Change
Interest and other finance income	24	54	(30)	-55.4%
Gains on foreign exchange	4	0	4	n.s.
Interest from cash pooling and other loans	30	5	25	n.s.
Interest from banks	356	0	356	n.s.
Interest from derivative instruments	3,468	-	3,468	0.0%
Depreciation - liabilities to non controlling shareholders of subs	2,358	5,873	(3,515)	-59.9%
Gain on valuation of derivative instruments	1,297	5,764	(4,467)	-77.5%
Dividends	0	60	(60)	-99.9%
Total	7,537	11,757	(4,220)	-35.9%

Finance income for the period ended 30 June 2023 (€ 7,537 thousand) have decreased compared to the corresponding amount at 30 June 2022 (€ 11,757 thousand) for an amount of € 4,220 thousand due to Depreciation – liabilities to non controlling shareholders of subsidiaries and to Gain on valuation of derivative instruments (see Note 15 Net Financial Indebtedness for further information).

7. FINANCE COST

	30 Jun 2023	30 Jun 2022	Change	% Change
Interest on bank overdrafts and loans	70	1,103	(1,033)	-93.7%
Interest on Notes	55,945	32,915	23,031	70.0%
Interest on other loans	2	-	2	0.0%
Interest on financing fees	4,498	3,903	595	15.3%
Revaluation - liabilities to non controlling shareholders of subs	2,195	8,252	(6,057)	-73.4%
Bank commissions	2,028	1,623	404	24.9%
Interest on actuarial valuation of employee benefits	122	334	(212)	-63.5%
Interest on lease contracts - IFRS 16	557	488	69	14.2%
Other IFRS financial charges	2,955	1,351	1,604	n.s.
Interest on cash pooling and other loans	9	1	8	n.s.
Other financial charges	57	85	(28)	-33.2%
Losses on foreign exchange	17	14	3	22.3%
Write-downs of financial assets	107	131	(24)	-18.1%
Total	68,561	50,198	18,363	36.6%

Finance cost for the period ended 30 June 2023 amounts to € 68,561 thousand with an increase of € 18,363 thousand, compared to the corresponding amount at 30 June 2022 (€ 50,198 thousand).

This change is mainly attributable to:

- the increase of € 23,031 thousand in the line item Interest on Notes related to the “2028 Fixed Rate Notes” and “2028 Floating Rate Notes” (see also Note 15 for further details);
- the decrease of € 6,057 thousand in the line item Revaluation – Liabilities to non-controlling shareholders of subsidiaries.

8. CONSOLIDATED STATEMENT OF CASH FLOWS

As regards the more significant components of the statement of cash flow, below a description of the main factors impacting the Group's cash flows during the first six months of 2023.

Cash flows from operating activities = amount to € 148,357 thousand for the period ended 30 June 2023, increasing by € 33,364 thousand, compared to the corresponding flows for the period ended 30 June 2022 (€ 114,992 thousand).

Cash flows from investing activities = amount to negative € 135,644 thousand for the period ended 30 June 2023.

The main investment activities for the first six months of 2023 are related to:

- capitalized development costs and capital expenditures on tangible and intangible assets, see "Capital expenditure" section;
- the cash-out paid for the acquisition (mainly consisting on Readytec S.r.l., Aplifisa S.L.U., Microntel S.r.l. and Multidata S.r.l.).

Cash flows from financing activities = amount to negative € 72,915 thousand for the period ended 30 June 2023.

The main cash items occurred in the first six months of 2023 are attributable to:

- the payment of IFRS16 leases liabilities, consisting of principal and interests;
- the adjustments of considerations paid in relation to recent acquisitions of investments;
- the payment of Interests on Notes.

9. TANGIBLE ASSETS

NET BOOK VALUE	30 Jun 2023	31 Dec 2022	Change	% Change
Land	638	638		
Buildings	2,300	2,446	(146)	-6.0%
Plant and machinery	1,729	2,145	(416)	-19.4%
Equipment	850	977	(127)	-13.0%
Other assets	10,380	9,997	383	3.8%
Total	15,897	16,203	(306)	-1.9%

At 30 June 2023 Tangible fixed assets amount to € 15,897 thousand, with a decrease of € 306 thousand compared with the balance recorded at 31 December 2022 (€ 16,203 thousand).

10. INTANGIBLE ASSETS

NET BOOK VALUE	30 Jun 2023	31 Dec 2022	Change	% Change
Capitalised development	31,638	26,336	5,302	20.1%
IFRS Assets	1,175,517	1,260,673	(85,156)	-6.8%
Other intangible assets	29,882	28,035	1,848	6.6%
Total	1,237,037	1,315,044	(78,007)	-5.9%

Intangible assets have gone from € 1,315,044 thousand at 31 December 2022 to € 1,237,037 thousand at 30 June 2023, with a decrease of € 78,007 thousand resulting from the aggregate of disposals, additions, capitalised development costs and amortisation for the period ended 30 June 2023.

IFRS assets include intangible assets identified on allocation of the price paid for the acquisition of TeamSystem Group and other subsidiaries (Software, Brands, Customer relationships and other IFRS assets).

11. RIGHT OF USE

As at 30 June 2023 Right of use amounts to € 22,609 thousand, down by € 545 thousand compared to the balance as at 31 December 2022 (€ 23,154 thousand).

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

12. GOODWILL

Goodwill at 30 June 2023 amounts to € 1,855,195 thousand with an increase of € 50,004 thousand compared to the balance at 31 December 2022 (€ 1,805,191 thousand).

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

In terms of Impairment test, the line-item Goodwill is subjected annually (or more frequently if certain events or circumstances indicate potential impairment) to impairment testing and TeamSystem Group will postpone a more thorough analysis with impairment testing to 31 December 2023.

13. INVESTMENTS IN ASSOCIATES AND OTHER INVESTMENTS

	30 Jun 2023	31 Dec 2022	Change	% Change
Investments in Associates	216	216		
Other Investments	86,704	258	86,446	33546.0%
Total	86,920	474	86,446	18236.8%

The balance of Investments in Associates and Other investments changed from € 474 thousand at 31 December 2022 to € 86,920 thousand at 30 June 2023, with an increase of € 86,446 thousand mainly attributable to the acquisition of Readytec, Aplifisa, Microntel, Multidata, GreeNext, Sistemi IT, Sigma Sistemi, TeamSystem Tirana (for further information, see “Significant events during the first six months of 2023” section in Directors’ report).

14. DEFERRED TAX ASSETS AND LIABILITIES

	30 Jun 2023	31 Dec 2022	Change	% Change
Deferred tax assets	13,701	14,293	(592)	-4.1%
Deferred tax liabilities	289,782	309,593	(19,811)	-6.4%

At 30 June 2023 Deferred tax assets amount to € 13,701 thousand, down by € 592 thousand compared to the balance at 31 December 2022 (€ 14,293 thousand).

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

At 30 June 2023 Deferred tax liabilities amount to € 289,782 thousand with a decrease of € 19,811 thousand compared to the balance at 31 December 2022 (€ 309,593 thousand).

15. NET FINANCIAL INDEBTEDNESS

	Current	Non Current	30 Jun 2023 Total	Current	Non Current	31 Dec 2022 Total
Bank accounts and post office	85,281		85,281	145,496		145,496
Cash and bank balances	45		45	27		27
Total Cash and bank balances	85,327	0	85,327	145,523	0	145,523
Cash Pooling receivables	621		621	-		-
Loans	2,125	-	2,125	25	-	25
Derivative instruments - assets	-	34,775	34,775	-	31,233	31,233
Accruals and prepaid commissions	43	-	43	38	-	38
Other financial assets	6,306	-	6,306	8,238	-	8,238
Total Other financial assets	9,095	34,775	43,870	8,301	31,233	39,534
Loans with banks	(2,338)	-	(2,338)	(1,767)	-	(1,767)
Finance leases liabilities	(6,561)	(18,229)	(24,790)	(6,561)	(18,715)	(25,276)
Notes	(25,548)	(1,635,000)	(1,660,548)	(21,181)	(1,635,000)	(1,656,181)
Financial liabilities with other institutions	(1,901)	-	(1,901)	(1,607)	-	(1,607)
Dividends to be paid	(40)	-	(40)	(40)	-	(40)
Total Financial liabilities	(36,388)	(1,653,229)	(1,689,617)	(31,158)	(1,653,715)	(1,684,873)
Financing Fees - notes	0	40,250	40,250	-	44,404	44,404
Financing Fees - banks	-	2,675	2,675	-	2,997	2,997
Total Financing Fees	0	42,925	42,925	0	47,402	47,402
Liabilities to non controlling shareholders of subsidiaries	(36,868)	(45,026)	(81,894)	(35,723)	(51,919)	(87,643)
Commissions financial liabilities	(172)	-	(172)	(217)	-	(217)
Cash pooling liabilities	(15,647)	-	(15,647)	-	-	-
Total Other financial liabilities	(52,688)	(45,026)	(97,714)	(35,941)	(51,919)	(87,860)
Total	5,346	(1,620,555)	(1,615,210)	86,726	(1,627,000)	(1,540,274)

Net financial indebtedness as at 30 June 2023 amounts to negative € 1,615,210 thousand.

■ Cash and bank balances

The amount of cash and bank balances stands at € 85,327 thousand as at 30 June 2023 and at € 145,523 thousand as at 31 December 2022.

■ Financial leases liabilities

Following the adoption of IFRS 16 – Leases, Financial leases liabilities at 30 June 2023 reflects the recognition of a financial liability of € 24,790 thousand (€ 25,276 at 31 December 2022), consisting of the present value of future lease payments.

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

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

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

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

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

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

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

at the sole option of the PIK Issuer. The 2029 PIYW PIK Toggle Notes bear interest payable semi-annually in arrears each April 15 and October 15, commencing 15 October 2021.

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

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

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

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

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

■ Collateral

At 30 June 2023, the obligations arising under the **2028 Notes** and the **New RCF** (as described below) were secured by the following security rights:

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

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

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

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

■ Revolving Credit Facility (Existing and New)

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

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

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

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

■ Liabilities to non-controlling shareholders of subsidiaries

Liabilities to non-controlling shareholders of subsidiaries (€ 81,894 thousand at 30 June 2023) relates to put and call options and/or earn-outs due to non-controlling interest holders of certain consolidated subsidiaries. The main ones are: Modefinance, Logical Soft, TeamSyver, Algoritmi, Sia, Readytec, My Expenses and IT Review.

■ Interest Rate Swaps – Financial derivative assets / liabilities

With the aim of reducing the risk of market interest rate fluctuations associated with the Floating Rate Notes, in April 2022, TeamSystem S.p.A. entered into two interest rate swap contracts with a total notional amount of € 700 million and with a termination date of 15 December 2025. The market value of the interest rate swaps has been recognised in profit or loss for the year ended 30 June 2023.

16. INVENTORIES

	30 Jun 2023	31 Dec 2022	Change	% Change
Raw and ancillary materials	324	406	(82)	-20.2%
Finished products and goods	1,095	1,205	(110)	-9.1%
(Allowance for slow-moving inventory)	(374)	(500)	126	-25.3%
Total	1,046	1,111	(65)	-5.9%

At 30 June 2023 Inventories amount to € 1,046 thousand, substantially unchanged compared to the balance at 31 December 2022 (€ 1,111 thousand).

17. TRADE RECEIVABLES

	30 Jun 2023	31 Dec 2022	Change	% Change
Trade receivables	239,012	171,816	67,196	39.1%
(Allowance for bad debts)	(22,802)	(23,521)	719	-3.1%
Total	216,211	148,296	67,915	45.8%

At 30 June 2023 Trade receivables (gross of Allowance for bad debts) amount to € 239,012 thousand. The balance of this line item is affected by the seasonality of billings for subscription fees that characterises the business of the Group.

Trade receivables are recorded net of an Allowance for doubtful debts of € 22,802 thousand, that has been posted in the accounts after having analysed the specific risk associated with doubtful balances. The balance of Allowance for bad debts is the aggregate of utilisations, accruals and any other movements.

18. TAX RECEIVABLES

	30 Jun 2023	31 Dec 2022	Change	% Change
Tax credits	200	186	14	7.4%
Other tax receivables	238	165	73	44.2%
Tax consolidation receivables	88	(0)	88	n.s.
Advances and credit on income taxes	4,680	610	4,070	n.s.
Total	5,205	961	4,244	n.s.

At 30 June 2023 Tax receivables amount to € 5,205 thousand, up by € 4,244 thousand compared to the balance at 31 December 2022 (€ 961 thousand).

19. OTHER CURRENT RECEIVABLES

	30 Jun 2023	31 Dec 2022	Change	% Change
VAT receivables	3,427	475	2,953	n.s.
Deposits	568	666	(98)	-14.7%
Receivables from employees	161	124	37	29.9%
Other receivables - current	12,163	8,518	3,646	42.8%
Accrued income	177	226	(49)	-21.5%
Prepayments	36,113	27,375	8,738	31.9%
Other current receivables	52,610	37,383	15,227	40.73%

At 30 June 2023 the Other current receivables balance amounts to € 52,610 thousand, up by € 15,227 thousand compared to the 31 December 2022 balance (€ 37,383 thousand). The movement is mainly due to the movement in the line-item:

- Prepayments (increase of € 8,738 thousand), because of the seasonality of the business of the Group;
- Other receivables (increase of € 3,646 thousand).

20. TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY

	Share capital	Other reserves	Retained earnings (accumulated losses)	Profit (Loss) attributable to Owners of the Company	Equity attributable to Owners of the Company	Non controlling interests	TOTAL
31 Dec 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
Profit (Loss) for the year				(44,521)	(44,521)	29	(44,492)
Other Profit (Loss) on comprehensive income		9			9	(1)	8
30 Jun 2023	14,597	1,232,256	(258)	(44,521)	1,202,074	832	1,202,906

At 30 June 2023 the Group's equity amounts to € 1,202,074 thousand.

21. STAFF LEAVING INDEMNITY

	30 Jun 2023	31 Dec 2022	Change	% Change
Staff leaving indemnity	27,107	24,724	2,383	9.6%
Total	27,107	24,724	2,383	9.6%

At 30 June 2023 Staff leaving indemnity amounts to € 27,107 thousand, up by € 2,383 thousand compared to the balance at 31 December 2022 (€ 24,724 thousand). The balance is the aggregate of utilisations, accruals and any other movements.

22. PROVISIONS FOR RISKS AND CHARGES

	30 Jun 2023	31 Dec 2022	Change	% Change
Provision for pension and similar obligation	1,313	1,567	(254)	-16.2%
Provision for litigations	8,875	9,610	(735)	-7.7%
Other provision for risks and charges	2,384	1,524	861	56.5%
Total	12,572	12,701	(129)	-1.0%

At 30 June 2023 Provisions for risks and charges amount to € 12,572 thousand, down by € 129 thousand compared to the balance at 31 December 2022 (€ 12,701 thousand). The balance is the aggregate of utilisations, accruals and any other movements.

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

23. OTHER CURRENT AND NON-CURRENT LIABILITIES

	30 Jun 2023	31 Dec 2022	Change	% Change
VAT liabilities	3,489	4,037	(548)	-13.57%
Withholdings liabilities	4,996	5,144	(149)	-2.9%
Employees payables and Social security liabilities - current	34,429	35,990	(1,561)	-4.3%
Advances	954	1,198	(244)	-20.4%
Other liabilities	825	1,137	(312)	-27.4%
Accrued liabilities	93	161	(68)	-42.2%
Deferred revenues	242,225	102,798	139,427	n.s. 0.0%
Other current liabilities	287,012	150,466	136,546	90.75%
Social security liabilities - non current	357	381	(24)	-6.2%
Other tax liabilities - non current	8	8	-	0.0%
Other non current liabilities	365	389	(24)	-6.09%
Total Other liabilities	287,377	150,854	136,523	90.50%

At 30 June 2023 Other current liabilities amount to € 287,012 thousand, up by € 136,546 thousand compared to the balance at 31 December 2022 (€ 150,466 thousand).

This increase is substantially due to the seasonality of billings for subscription fees that characterises the business of the Group and results in the increase in deferred revenues.

At 30 June 2023 Other non-current liabilities amount to € 365 thousand (€ 389 thousand at 31 December 2022) and relate primarily to balances pertaining to the subsidiary TeamSystem S.p.A..

24. CURRENT TAX LIABILITIES

	30 Jun 2023	31 Dec 2022	Change	% Change
Income tax payables	7,988	8,519	(531)	-6.23%
Other tax liabilities	75	409	(334)	-81.71%
Total	8,063	8,928	(865)	-9.7%

At 30 June 2023 Current tax liabilities amount to € 8,063 thousand, down by € 865 thousand compared to the balance at 31 December 2022 (€ 8,928 thousand).

25. RECONCILIATION OF NET FINANCIAL INDEBTEDNESS – TeamSystem Holdco S.p.A. – TeamSystem Holdco 3 S.p.A. – TeamSystem S.p.A.

In the table below, we provide a reconciliation of the net financial indebtedness between the consolidated accounts of TeamSystem Holdco S.p.A., the consolidated accounts of TeamSystem Holdco 3 S.p.A. and the consolidated accounts of TeamSystem S.p.A., being the net financial indebtedness the only material difference between these three consolidated accounts.

Euro thousands

RECONCILIATION OF NET FINANCIAL POSITION TEAMSYSTEM HOLDCO GROUP vs TEAMSYSTEM SPA GROUP	TEAMSYSTEM HOLDCO CONSOLIDATED	TEAMSYSTEM HOLDCO STAND ALONE NET OF INTERCOMPANY	TEAMSYSTEM HOLDCO 1 STAND ALONE NET OF INTERCOMPANY	TEAMSYSTEM HOLDCO 2 STAND ALONE NET OF INTERCOMPANY	TEAMSYSTEM HOLDCO 3 CONSOLIDATED	TEAMSYSTEM HOLDCO 3 STAND ALONE NET OF INTERCOMPANY	TEAMSYSTEM SPA CONSOLIDATED
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Other financial assets	43,870	-	-	-	43,870	4	43,866
Cash and bank balances	85,327	31	12	21	85,262	35	85,227
Financial liabilities with banks and other institutions	(1,744,406)	-	-	-	(1,744,406)	(300,144)	(1,444,262)
TOTAL	(1,615,210)	31	12	21	(1,615,274)	(300,105)	(1,315,169)

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



