

30 September 2023
Interim Condensed
Consolidated Financial
Statements
TeamSystem Group



**INTERIM
CONDENSED
CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE NINE MONTHS
ENDED
30 SEPTEMBER 2023**

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TeamSystem Group**

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**UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE
FIRST NINE MONTHS ENDED 30 SEPTEMBER 2023**

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**DIRECTORS’
REPORT**

► RESULTS OF OPERATIONS

Euro thousand								
RECLASSIFIED CONSOLIDATED STATEMENT OF PROFIT AND LOSS ACCOUNT	30 Sep 2023	30 Sep 2022	Change	% Change	Quarter 3Q 2023	Quarter 3Q 2022	Change	% Change
TOTAL REVENUE	493,379	403,988	89,391	22.1%	168,502	135,255	33,248	24.6%
COGS	(88,640)	(77,493)	(11,147)	14.4%	(29,245)	(25,394)	(3,851)	15.2%
Personnel	(148,053)	(124,962)	(23,091)	18.5%	(46,520)	(37,999)	(8,521)	22.4%
Personnel like	(19,444)	(14,490)	(4,954)	34.2%	(6,582)	(4,613)	(1,969)	42.7%
Non Personnel	(48,583)	(40,322)	(8,261)	20.5%	(16,439)	(13,250)	(3,189)	24.1%
Capitalized development costs	16,228	12,886	3,342	25.9%	5,767	4,292	1,475	34.4%
ADJUSTED EBITDA	204,886	159,607	45,279	28.4%	75,483	58,291	17,193	29.5%
Allowance for bad debts	(5,201)	(3,946)	(1,255)	31.8%	(1,744)	(1,314)	(431)	32.8%
Depreciation and amortization of non current assets	(156,407)	(151,507)	(4,901)	3.2%	(53,551)	(51,446)	(2,105)	4.1%
Other provisions for risks and charges	(275)	(44)	(230)	521.3%	(264)	(13)	(251)	1964.7%
Non core items	(15,865)	(8,474)	(7,392)	87.2%	(6,145)	(3,615)	(2,531)	70.0%
OPERATING RESULT	27,138	(4,363)	31,502	-722.0%	13,779	1,904	11,875	623.7%
Net Finance Income (Cost)	(99,518)	(37,267)	(62,251)	167.0%	(38,493)	1,174	(39,667)	-3378.4%
PROFIT (LOSS) BEFORE INCOME TAXES	(72,379)	(41,630)	(30,749)	73.9%	(24,714)	3,078	(27,792)	-902.9%
Current income tax	(23,383)	(27,664)	4,281	-15.5%	(7,432)	(11,549)	4,117	-35.7%
Deferred income tax	29,553	29,104	449	1.5%	10,428	9,711	717	7.4%
PROFIT (LOSS) FOR THE YEAR	(66,209)	(40,190)	(26,019)	64.7%	(21,718)	1,241	(22,958)	-1850.6%
(Profit) Loss for the year - Non controlling interests	(60)	(109)	49	-44.6%	(31)	(37)	5	-14.3%
PROFIT (LOSS) FOR THE YEAR - OWNERS OF THE COMPANY	(66,270)	(40,299)	(25,970)	64.4%	(21,749)	1,204	(22,953)	-1906.6%

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

The results as at 30 September 2023 are affected by the consolidation of the profit and loss of the following companies (which did not contribute to the 30 September 2022 consolidated profit and loss):

- ITReview S.r.l.
- Ciaomanager S.r.l.
- TeamSyver S.r.l.
- Fin-MD-Tech S.r.l.
- SIA S.r.l.
- Algoritmi S.r.l.
- Readytec S.r.l.
- Readytec Emilia S.r.l.
- TeamSystem Tirana
- Sigma Sistemi S.r.l.
- Microntel S.r.l. (and its subsidiary Euroges S.r.l.)
- Alpha Team, GNS System News and Alfaconta whose business units have been contributed to Teamsystem 10 S.r.l.
- CZ Informatica S.r.l., Progetto Software S.r.l. and SO.GE.I. S.r.l., merged by incorporation in TeamSystem S.p.A. during 2023.

All the previous companies have been acquired at the end of 2022 or during 2023.

Instead the results of Mikrogroup have been consolidated at 30 September 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., Multidata S.r.l., Aplifisa S.L.U., Ticcyl Digital S.L.U., Marclamara S.L., GreeNext S.r.l., MailUp S.p.A., Acumbamail S.L., MailUp Nordics A/S and Globase International A.p.S. and Var Enterprise S.r.l. have not been consolidated for the purpose of TeamSystem Consolidated financial statements for the nine months ended 30 September 2023 (see “Significant events during the first nine 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 Sep 2023	30 Sep 2022
PROFIT (LOSS) FOR THE YEAR	(66,209)	(40,190)
Imposte sul reddito	(6,170)	(1,440)
Financial income and expenses	99,518	37,267
Other provisions for risks and charges	275	44
Depreciation and amortization of non current assets	156,407	151,507
Allowance for bad debts	5,201	3,946
Costs for changing and closing locations	-	271
Advisory expenses related to reorganization and cost saving projects	4,650	1,315
Personnel redundancy	1,500	1,002
Acquisitions and mergers costs	8,156	4,463
Settlements with clients and agents	1,548	1,143
Other cost - (income)	12	281
ADJUSTED EBITDA	204,886	159,607

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 September 2023 Adjusted EBITDA amounts to € 204,886 thousand, up by € 45,280 thousand compared to the amount at 30 September 2022 (€ 159,607 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 nine months of 2023.

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TOTAL REVENUE: Total Revenue for the period ended 30 September 2023 amounts to € 493,379 thousand, up by € 89,391 thousand compared to the corresponding figure for the period ended 30 September 2022 (€ 403,988 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 nine months of 2023.

Euro Millions

	30 Sep 2023	30 Sep 2022	Change	% Change
Enterprise	109.4	88.7	20.7	23.3%
Recurring	81.7	66.8	14.9	22.3%
Other Revenues	27.7	21.9	5.8	26.4%
Professional	155.2	121.5	33.6	27.7%
Recurring	143.6	112.9	30.7	27.2%
Other Revenues	11.6	8.6	2.9	34.1%
Micro	107.6	86.6	21.1	24.3%
Recurring	101.8	81.2	20.5	25.3%
Other Revenues	5.9	5.3	0.5	10.1%
Digital Finance	15.2	13.6	1.6	11.4%
Recurring	12.0	11.1	0.9	8.1%
Other Revenues	3.2	2.5	0.7	26.4%
Market Specific Solution	80.6	77.3	3.4	4.4%
Recurring	53.9	49.2	4.7	9.6%
Other Revenues	26.7	28.0	(1.3)	-4.8%
HR	25.4	16.3	9.1	55.8%
Recurring	18.9	13.1	5.8	44.2%
Other Revenues	6.4	3.2	3.3	104.0%
TOTAL REVENUE	493.4	404.0	89.4	22.1%
Total Recurring Revenues	411.9	334.4	77.5	23.2%
Total Other Revenues	81.4	69.6	11.9	17.1%

The item Recurring Revenues 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.

In aggregate, Recurring revenue for the first nine months of 2023 increased by € 77.5 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 € 30.7 million compared to 2022, representing an increase of approximately 27.2%);
- Micro Business Unit, with an increase in Recurring revenue of € 20.5 million (or approximately 25.3% 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 Sep 2023							
OPERATING SEGMENTS	ENT	PROF	MICRO	DIF	MSS	HR	TOTALE
TOTAL REVENUE	109.4	155.2	107.6	15.2	80.6	25.4	493.4
FIRST MARGIN	52.1	89.6	67.7	6.3	20.7	7.7	244.2
INDIRECT COSTS							(55.6)
CAPITALISED DEVELOP COSTS							16.2
ADJUSTED EBITDA							204.9

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 Sep 2023	30 Sep 2022	Change	% Change	3Q 2023	3Q 2022	Change	% Change
CASH FLOWS FROM OPERATING ACTIVITIES	170,697	150,390	20,307	13.5%	22,341	35,398	(13,058)	-36.9%
Capital Expenditure	(30,723)	(24,652)	(6,071)	24.6%	(11,011)	(7,809)	(3,202)	41.0%
Acquisition of investments	(272,114)	(19,911)	(252,203)	n.s.	(156,182)	(2,926)	(153,256)	n.s.
CASH FLOWS FROM INVESTING ACTIVITIES	(302,837)	(44,564)	(258,274)	n.s.	(167,193)	(10,736)	(156,458)	n.s.
Financial balance paid / cashed-in	60,515	(110,923)	171,438	n.s.	103,469	(9,971)	113,440	n.s.
Liabilities to non controlling shareholders of subsidiaries	(36,765)	(23,415)	(13,350)	57.0%	(6,825)	(6,533)	(292)	4.5%
CASH FLOWS FROM FINANCING ACTIVITIES	23,751	(134,338)	158,089	n.s.	96,666	(16,503)	113,169	n.s.
Change in Exchange rates	7	(8)	15	n.s.	1	(4)	5	n.s.
INCREASE (DECREASE) IN CASH AND BANK BALANCES	(108,382)	(28,520)	(79,863)	n.s.	(48,186)	8,155	(56,341)	n.s.

Cash flows from operating activities amount to € 170,697 thousand for the period ended 30 September 2023, increasing by € 20,307 thousand, compared to the corresponding flows for the period ended 30 September 2022 (€ 150,390 thousand).

It also should be noted that 31 December 2022 and 30 September 2023 were not a business day; therefore the collection of about € 7.9 million in electronic bank receipts falling due on 31 December 2022 were postponed to 2023 and the collection of about € 8.9 million in electronic bank receipts falling due on 30 September 2023 were postponed to October. Without this “weekend effect”, operating cash flows for the first nine months of 2023 would have amounted to € 171.7 million.

Cash flows from investing activities changed from negative € 44,564 thousand in the period ended 30 September 2022 to negative € 302,837 thousand for the corresponding period of 2023.

The main investment activities for the first nine 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 Aplifisa, MailUp and Mikrogroup).

Cash flows from financing activities changed from negative € 134,338 thousand in the period ended 30 September 2022 to positive € 23,751 thousand for the corresponding period of 2023.

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

- the payment of IFRS16 leases liabilities, consisting of principal and interests;
- the draw down of the revolving credit facility (see Note 15 Net Financial Indebtedness);
- the adjustments of considerations paid in relation to recent acquisitions of investments and the payments for aquisition of further equity interests in already 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 Sep 2023	31 Dec 2022	Change	% Change
Trade receivables	193,259	148,296	44,963	30.3%
Inventories	1,918	1,111	807	72.6%
Other receivables - current	50,769	37,383	13,386	35.8%
Trade payables	(57,405)	(67,646)	10,241	-15.1%
Other liabilities - current	(242,845)	(150,466)	(92,379)	61.4%
WORKING CAPITAL	(54,304)	(31,322)	(22,982)	73.4%

At 30 September 2023 Working capital amounts to negative € 54,304 thousand, with a change of € 22,982 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 € 242,845 thousand at 30 September 2023 compared to

negative € 150,466 thousand at 31 December 2022) and to Trade receivables (which balance is € 193,259 thousand at 30 September 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 also should be noted that 31 December 2022 and 30 September 2023 were not a business day; therefore the collection of about € 7.9 million in electronic bank receipts falling due on 31 December 2022 were postponed to 2023 and the collection of about € 8.9 million in electronic bank receipts falling due on 30 September 2023 were postponed to October.

Thereby, without this “weekend effect”, working capital at 31 December 2022 would have amounted to € 39.3 million, while at 30 September 2023 would have amounted to € 55.3 million.

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► CAPITAL EXPENDITURE

Euro thousand	30 Sep 2023	30 Sep 2022	Change	% Change
Investments in tangible assets	(2,716)	(2,154)	(562)	26.1%
Investments in intangible assets	(11,779)	(9,612)	(2,167)	22.5%
Capitalized development costs - personnel costs	(13,630)	(9,569)	(4,061)	42.4%
Capitalized development costs - service costs	(2,598)	(3,317)	719	-21.7%
CAPITAL EXPENDITURE	(30,723)	(24,652)	(6,071)	24.6%

In the period ended 30 September 2023 the Capital expenditure amounts to € 30,723 thousand with an increase of € 6,071 thousand compared to 30 September 2022 balance (€ 24,652 thousand).

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► SIGNIFICANT EVENTS DURING THE FIRST NINE 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 addition, in mid 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.. Marclamara 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.

Unitssystem Shpk / TeamSystem Tirana

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

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

MailUp S.p.A., 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.

Acumbamail S.L.

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

Mikro Yazilimevi Yazilim Hizmetleri Bilgisayar Sanayi ve Ticaret A.Ş. (the “Mikrogroup”)

In September 2023, TeamSystem S.p.A. holds a controlling stake (51,534%) in Mikro Yazilimevi A.Ş. a company that commercialize software solutions in the CPA market, Micro business market, ERP market and other ancillary product in Turkey.

Mikro Yazilimevi A.Ş. holds:

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

Var Enterprise S.r.l.

In September 2023, TeamSystem S.p.A. acquired a controlling stake (100%) in Var Enterprise S.r.l., a TeamSystem software reseller.

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► SIGNIFICANT SUBSEQUENT EVENTS

TeamSystem S.p.A.'s private placement of € 195.0 million Senior Secured Floating Rate Notes due 2030

In October 2023 TeamSystem S.p.A. (the “**Issuer**”) issued €195.0 million aggregate principal amount of senior secured floating rate notes due 2030 (the “**Notes**”) to certain investors on a private basis. The Notes will bear interest at a rate of three-month EURIBOR (with 0% floor) plus 5.50% per annum, reset quarterly, and will be sold at an issue price of 100.00% of the nominal amount thereof.

The Notes will be issued by TeamSystem S.p.A. pursuant to an indenture dated as of February 10, 2021 (as amended and supplemented from time to time, including in connection with the issuance of the Notes, the “**Indenture**”), governing the Issuer’s existing €300 million 3.5% senior secured fixed rate notes due 2028 (the “**Existing Fixed Rate Notes**”), €850 million senior secured floating rate notes due 2028 (the “**Existing FRNs**”) and €185 million senior secured floating rate notes due 2028 (the “**Existing Private Senior Secured Notes**”) and, together with the Existing Fixed Rate Notes and the Existing FRNs, the “**Existing SSNs**”), and will constitute a new series of notes under the Indenture.

In addition, concurrently with the issuance of the Notes on the Issue Date, certain amendments have been made to the Senior Floating Rate Pay-If-You-Want PIK Toggle Notes due 2029 issued by TeamSystem Holdco 3 S.p.A. (the direct holding company of the Issuer) on February 17, 2021 (the “**PIK Notes**”), pursuant to which, among others, the maturity of the PIK Notes has been extended by ten months to December 15, 2029 and the optional call schedule has been amended accordingly.

Storeden / TeamSystem Commerce

In October 2023, Storeden changed its company name in TeamSystem Commerce.

Triarico Global Services S.r.l.

In October 2023, TeamSystem S.p.A. acquired a controlling stake (100%) in Triarico Global Services S.r.l., a TeamSystem software reseller.

Twinlogix S.r.l.

In October 2023, TeamSystem S.p.A. acquired a controlling stake (100%) in Twinlogix S.r.l., a R&D company that develop software solutions.

Datamedia S.r.l.

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

Rean S.r.l.

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

TeamSystem Hub España S.L.

In October 2023, TeamSystem S.p.A. acquired a controlling stake (100%) in TeamSystem Hub España S.L., a TeamSystem software reseller in Spain.

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

In October 2023, TeamSystem S.p.A. acquired a controlling stake (100%) in Bellachioma Systems S.r.l. and a controlling stake (100%) in Bellachioma Enterprise S.r.l., a TeamSystem software reseller.

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► ONGOING DEVELOPMENTS

The TeamSystem Group may from time to time opportunistically consider accessing debt markets to refinance certain existing indebtedness of the group and/or to raise funding for general corporate purposes, including to finance bolt-on acquisitions.

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

CLAUDIO SANCHIONI FABIO LANDUZZI NICOLE MAGNIFICO IVANO ANTONIOLI CRISTINA AMADORI	CHAIRMAN STATUTORY AUDITOR STATUTORY AUDITOR ALTERNATIVE AUDITOR ALTERNATIVE AUDITOR
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REGISTERED OFFICE and OTHER INFORMATION
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TEAMSYSTEM HOLDCO S.P.A. REGISTERED OFFICE SHARE CAPITAL TAX CODE REA - PESARO INDEPENDENT AUDITORS	PESARO - Via Sandro Pertini, 88 Euro 14.596.648 11360450966 271034 DELOITTE & TOUCHE S.p.A.
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**UNAUDITED
INTERIM CONDENSED
CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE NINE MONTHS
ENDED
30 SEPTEMBER 2023**

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

UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023

Euro thousands

CONSOLIDATED STATEMENT OF PROFIT OR LOSS	30 Sep 2023	30 Sep 2022	NOTES
Revenue	491,188	401,379	1
Other operating income	2,191	2,609	1
TOTAL REVENUE	493,379	403,988	1
Cost of raw and other materials	(39,300)	(34,445)	2
Cost of services	(125,334)	(97,766)	3
Personnel costs	(135,923)	(116,395)	4
Other operating costs	(3,800)	(4,249)	5
Depreciation and amortization of non current assets	(156,407)	(151,507)	
Allowance for bad debts	(5,201)	(3,946)	
Other provisions for risks and charges	(275)	(44)	
OPERATING RESULT	27,139	(4,364)	
Finance income	10,080	33,943	6
Finance cost	(109,598)	(71,210)	7
PROFIT (LOSS) BEFORE INCOME TAXES	(72,379)	(41,630)	
Current income tax	(23,383)	(27,664)	
Deferred income tax	29,553	29,104	14
TOTAL INCOME TAX	6,170	1,440	
PROFIT (LOSS) FROM CONTINUING OPERATIONS	(66,209)	(40,190)	
PROFIT (LOSS) FOR THE YEAR	(66,209)	(40,190)	
(Profit) Loss for the year - Non controlling interests	(60)	(109)	
PROFIT (LOSS) FOR THE YEAR - OWNERS OF THE COMPANY	(66,269)	(40,299)	
ADJUSTED EBITDA	204,886	159,607	

Euro thousands

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	30 Sep 2023	30 Sep 2022	NOTES
PROFIT (LOSS) FOR THE YEAR	(66,209)	(40,190)	20
Exchange rate differences	8	(9)	20
ITEMS THAT WILL BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS NET OF TAX	8	(9)	20
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	(66,201)	(40,199)	
Total comprehensive (income) loss for the year attributable to Non controlling interests	(60)	(108)	
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR - OWNERS OF THE COMPANY	(66,261)	(40,307)	

Euro thousands

CONSOLIDATED STATEMENT OF FINANCIAL POSITION			
ASSETS	30 Sep 2023	31 Dec 2022	NOTES
Tangible assets	16,606	16,203	9
Intangible assets	1,210,129	1,315,044	10
Right of use	22,878	23,154	11
Goodwill	2,064,123	1,805,191	12
Other Investments	151,756	258	13
Investments in associates	216	216	13
Deferred tax assets	14,361	14,293	14
Other financial assets - non current	32,115	31,233	15
TOTAL NON CURRENT ASSETS	3,512,185	3,205,592	
Inventories	1,918	1,111	16
Trade receivables	193,259	148,296	17
Tax receivables	964	961	18
Other receivables - current	50,769	37,383	19
Other financial assets - current	11,121	8,301	15
Cash and bank balances	37,141	145,523	15
TOTAL CURRENT ASSETS	295,172	341,575	
TOTAL ASSETS	3,807,357	3,547,166	

Euro thousands

CONSOLIDATED STATEMENT OF FINANCIAL POSITION			
EQUITY AND LIABILITIES	30 Sep 2023	31 Dec 2022	NOTES
Share capital	14,597	14,597	20
Other reserves	1,232,254	1,378,765	20
Retained earnings (accumulated losses)	(258)	(236)	20
Profit (Loss) attributable to Owners of the Company	(66,269)	(146,541)	20
TOTAL EQUITY attributable to OWNERS OF THE COMPANY	1,180,323	1,246,585	
Non controlling interests - Capital and reserves	601	800	20
Non controlling interests - Profit (Loss)	60	3	20
TOTAL NON CONTROLLING INTERESTS	661	803	
TOTAL EQUITY	1,180,984	1,247,388	
Financial liabilities with banks and other institutions - non current	1,732,525	1,658,233	15
Staff leaving indemnity	29,106	24,724	21
Provisions for risks and charges - non current	12,630	12,701	22
Deferred tax liabilities	279,945	309,593	14
Other liabilities - non current	354	389	23
TOTAL NON CURRENT LIABILITIES	2,054,560	2,005,640	
Financial liabilities with banks and other institutions - current	261,424	67,098	15
Trade payables	57,405	67,646	
Tax liabilities - current	10,138	8,928	24
Other liabilities - current	242,845	150,466	23
TOTAL CURRENT LIABILITIES	571,813	294,138	
TOTAL LIABILITIES	2,626,372	2,299,778	
TOTAL EQUITY AND LIABILITIES	3,807,357	3,547,166	

Euro thousands

CONSOLIDATED STATEMENT OF CASH FLOWS	30 Sep 2023	30 Sep 2022	NOTES
Operating Result	27,139	(4,363)	
Depreciation and amortisation of non-current assets	156,407	151,507	
Depreciation and amortisation of non-current assets	156,407	151,507	
Trade receivables	(34,120)	(19,669)	
Inventories	246	(396)	
Other receivables	(5,588)	(1,785)	
Trade payables	(14,238)	(15,554)	
Other liabilities	62,089	54,460	
Change in Working capital	8,388	17,056	
Staff leaving indemnity	269	457	
Provisions for risks and charges	(70)	448	
Change in provisions	199	906	
Income tax paid	(21,436)	(14,714)	
CASH FLOWS FROM OPERATING ACTIVITIES	170,697	150,390	8
Investments in tangible assets	(2,716)	(2,154)	
Investments in intangible assets	(11,779)	(9,612)	
Capitalized development costs - personnel costs	(13,630)	(9,569)	
Capitalized development costs - service costs	(2,598)	(3,317)	
Capital Expenditure	(30,723)	(24,652)	
Acquisition of investments	(287,801)	(19,911)	8
Cash and bank balances at the date of acquisition	15,686	0	
Acquisition of investments	(272,114)	(19,911)	
CASH FLOWS FROM INVESTING ACTIVITIES	(302,837)	(44,564)	
Financial balance paid / cashed-in and change in financial assets / liabilities	60,515	(110,923)	8
Liabilities to non controlling shareholders of subsidiaries	(36,765)	(23,415)	8
CASH FLOWS FROM FINANCING ACTIVITIES	23,751	(134,338)	
INCREASE (DECREASE) IN CASH AND BANK BALANCES DUE TO EXCHANGE RATE MOVEMENTS	7	(8)	
INCREASE (DECREASE) IN CASH AND BANK BALANCES	(108,382)	(28,520)	
CASH AND BANK BALANCES - BEGINNING OF THE YEAR	145,523	59,084	
CASH AND BANK BALANCES - END OF THE YEAR	37,141	30,564	

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
Acquisition of Subsidiaries					0	(202)	(202)
Profit (Loss) for the year				(66,269)	(66,269)	60	(66,209)
Other Profit (Loss) on comprehensive income		8			8	(1)	8
30 Sep 2023	14,597	1,232,254	(258)	(66,269)	1,180,323	661	1,180,984

TeamSystem Group

NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 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 September 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 September 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 nine months ended 30 September 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 September 2023 and 30 September 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	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	1,454,132,557	EUR				
TeamSystem Holdco 1 S.r.l.	Pesaro	Italy	3,000	1,454,740,316	EUR	100.00	100.00		
TeamSystem Holdco 2 S.r.l.	Pesaro	Italy	53,404	1,454,176,466	EUR	100.00	100.00		
TeamSystem Holdco 3 S.p.A.	Pesaro	Italy	50,000	1,452,430,517	EUR	100.00	100.00		
TeamSystem S.p.A.	Pesaro	Italy	24,000,000	1,373,562,005	EUR	100.00	100.00		
Techmass S.r.l.	Bassano del Grappa (VI)	Italy	11,538	1,112,747	EUR	80.00	100.00	1	
Area 32 S.r.l.	San Donà di Piave (VE)	Italy	10,000	1,263,719	EUR	100.00	100.00		
Beneficy S.r.l.	Roma	Italy	90,000	326,021	EUR	51.00	100.00	1	
Team4you S.r.l.	Ripalimosani (CB)	Italy	10,000	1,465,101	EUR	90.00	100.00	1	
Habble S.r.l.	Vecchiano (PI)	Italy	21,930	5,061,543	EUR	100.00	100.00		
Software del Sol S.A.	Mengibar (Jaén)	Spain	75,000	8,890,762	EUR	100.00	100.00		
TeamSystem 8 S.r.l.	Milano	Italy	12,000	2,124,895	EUR	100.00	100.00		
My Expenses S.L.	Madrid	Spain	73,074	993,886	EUR	59.60	100.00	1	
Bilin Factura Electronica S.L.	Bilbao	Spain	3,050	(57,278)	EUR	100.00	100.00		2
Logical Soft S.r.l.	Desio (MB)	Italy	200,000	6,560,960	EUR	70.00	100.00	1	
TeamSystem 11 S.r.l.	Milano	Italy	10,000	(764,713)	EUR	100.00	100.00		
Progetto Studio S.r.l.	Verona	Italy	100,000	8,432,553	EUR	100.00	100.00		3
Data-Consult S.r.l.	Vado Ligure (SV)	Italy	50,000	2,379,714	EUR	100.00	100.00		3
Selda S.r.l.	Chiavari (GE)	Italy	20,000	1,394,697	EUR	100.00	100.00		4
NewTronic S.r.l.	Padova	Italy	93,000	4,333,059	EUR	100.00	100.00		5
Cesio S.r.l.	Brescia	Italy	90,000	370,504	EUR	100.00	100.00		5
TeamSystem Service S.r.l.	Campobasso	Italy	200,000	66,419,623	EUR	100.00	100.00		
TeamSystem Communication S.r.l.	Civitanova Marche (MC)	Italy	23,300	830,252	EUR	75.00	100.00	1	
Danea Soft S.r.l.	Vigonza (PD)	Italy	100,000	75,288,009	EUR	100.00	100.00		
Madbit Entertainment S.r.l.	Treviolo (BG)	Italy	10,000	145,343,501	EUR	100.00	100.00		6
Nuovamacut Automazione S.p.A.	Bologna	Italy	108,000	38,483,772	EUR	100.00	100.00		
Gruppo Euroconference S.p.A.	Verona	Italy	300,000	36,106,324	EUR	96.87	96.87		7
TeamSystem Tirana	Tirana (ALBANIA)	Albania	10,000	8,526,948	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		8
Reviso Deutschland GmbH	Berlino	Germany	25,000	(11,822)	EUR	100.00	100.00		8
Mondora S.r.l.	Milano	Italy	105,000	4,341,931	EUR	100.00	100.00		
Voispeed UK Ltd	Saint Albans - UK	United Kingdom	1,000	90,113	GBP	85.00	85.00		9
Cassanova S.r.l.	Sant. di Romagna (RN)	Italy	10,000	3,561,683	EUR	100.00	100.00		
TeamSystem Financial Value Chain S.r.l.	Milano	Italy	4,931,373	13,468,362	EUR	90.00	100.00	1	
Whit-e S.r.l.	Milano	Italy	15,000	5,630,393	EUR	100.00	100.00		10
TeamSystem AM Holdco S.r.l.	Milano	Italy	10,000	1,046,989	EUR	100.00	100.00		10
TeamSystem Capital at Work SGR S.p.A.	Milano	Italy	100,000	1,085,306	EUR	91.00	91.00		11
FIN-MD-TECH SRL	Milano	Italy	50,000	76,021	EUR	100.00	100.00		10
TeamSystem Payments Holdco S.r.l.	Milano	Italy	10,000	3,092,028	EUR	100.00	100.00		
TeamSystem Payments S.r.l.	Milano	Italy	125,000	2,167,752	EUR	100.00	100.00		12
Modefinance S.r.l.	Trieste	Italy	210,000	5,784,347	EUR	59.00	100.00	1	
Modefinance International S.r.l.	Milano	Italy	100,000	435,680	EUR	65.00	100.00	1	13
Storen S.r.l.	Villorba (TV)	Italy	20,000	787,263	EUR	100.00	100.00		
TeamSystem 10 S.r.l.	Milano	Italy	12,500	3,326,078	EUR	100.00	100.00		
ITReview S.r.l.	Noventa Padovana (PD)	Italy	50,000	1,232,183	EUR	100.00	100.00		
Claomanager S.r.l.	Trento (TN)	Italy	8,350	406,247	EUR	80.00	100.00	1	
TeamSyver S.r.l.	Negrar di Valpolicella (TV)	Italy	10,000	1,527,112	EUR	100.00	100.00		
Algoritmi S.r.l.	Tremestieri Etneo (CT)	Italy	10,000	1,062,708	EUR	100.00	100.00		
SIA S.r.l.	Castelleone (CR)	Italy	10,710	2,951,436	EUR	100.00	100.00		
Readytec S.p.A.	Chiusi (SI)	Italy	835,058	4,281,961	EUR	100.00	100.00		
Readytec Emilia S.r.l.	Milano	Italy	10,000	3,004,431	EUR	100.00	100.00		
Microntel S.p.A.	Torino	Italy	1,500,000	7,324,565	EUR	80.00	100.00	1	
Euroges S.r.l.	Torino	Italy	25,000	119,103	EUR	100.00	100.00		14
Sigma Sistemi S.r.l.	Bari	Italy	95,000	7,575,459	EUR	100.00	100.00		
Mikro Yazilimevi Yazilim Hizmetleri Bilgisa	İstanbul	Turkey	143,451,327	494,170,219	TRY	51.53	100.00	1	
Zirve Bilgi Teknolojileri Sanayi Ticaret A.Ş.	Ankara	Turkey	7,500,000	181,244,572	TRY	100.00	100.00		15
Paraşüt Yazilim Teknolojileri A.Ş.	İstanbul	Turkey	3,600,000	28,930,937	TRY	100.00	100.00		15
Muhasebetech Yazilim A.Ş.	İstanbul	Turkey	50,000	(2,552,091)	TRY	100.00	100.00		15
Shopside Yazilim Teknolojileri A.Ş.	Ankara	Turkey	110,000	(8,271,243)	TRY	100.00	100.00		15
Mevzuatir Yazilim A.Ş.	İstanbul	Turkey	50,000	(2,015,980)	TRY	60.00	100.00	1	15
Zirve Özel Entegrasyon Yazilim Hizm.A.Ş.	İstanbul	Turkey	50,000	(115,578)	TRY	100.00	100.00		16
Mikrogrup Teknoloji Destek Hizmetleri A.Ş.	İstanbul	Turkey	3,000,000	2,902,712	TRY	100.00	100.00		15
Emikellef Teknoloji A.Ş.	İstanbul	Turkey	50,000	3,536,759	TRY	100.00	100.00		15

Amounts in Euro

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

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

- (1) = equity interest would be 100% should put/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 Microntel S.r.l.;
 (15) = investment held by Mikro Yazilimevi;
 (16) = investment held by Zirve Bilgi.

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

The 30 September 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;
- Sigma Sistemi S.r.l.;
- Microntel S.r.l. (and its subsidiary Euroges S.r.l.)
- the business units of Alpha Team, GNS System News and Alfaconta that were contributing to Teamsystem 10;
- Mikrogroup consolidated only for the balance sheet as at 30 September 2023.

As regards the investments in Sistemi IT S.r.l., Multidata S.r.l., Aplifisa S.L.U., Ticcyl Digital S.L.U., Marclamara S.L., GreeNext S.r.l., MailUp S.p.A., Acumbamail S.L., MailUp Nordics A/S Globase International A.p.S. and Var Enterprise S.r.l. (see “Significant events during the first nine 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 nine months ended 30 September 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 September 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), TeamSystem Tirana which uses the Albanian Lek (LEK) and Mikrogroup which uses the Turkish Lira (TRY).

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

EXCHANGE RATES						
	Average 30 Sep 2023	Average 30 Sep 2022	%	30 Sep 2023	31 Dec 2022	%
GBP	0.87	0.85	2.4%	0.86	0.89	-3.4%
DKK	7.45	7.44	0.1%	7.46	7.44	0.3%
LEK	110.29			106.07		
TRY	N.A.			29.05		

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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 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.

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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 September 2023 amounts to € 493.3 million, and is comprised of Revenue of € 491.1 million and Other Revenue of € 2.1 million. Total revenue for period ended 30 September 2022 stood at € 403.9 million.

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

Euro Millions

	30 Sep 2023	30 Sep 2022
Over time	411.9	334.4
Point in time	81.4	69.6
TOTAL REVENUE	493.4	404.0

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 nine months ended 30 September 2023, were almost exclusively realised in Italy.

2. COST OF RAW AND OTHER MATERIALS

	30 Sep 2023	30 Sep 2022	Change	% Change
Hardware purchases	8,349	8,002	347	4.3%
Third party' software	26,229	23,893	2,336	9.8%
Handbooks and forms	8	-	8	0.0%
Materials for education	79	73	6	8.4%
Fuel	2,045	1,559	486	31.2%
Other materials	2,357	1,344	1,013	75.4%
Change in inventory of raw materials	233	(426)	659	n.s.
Total	39,300	34,445	4,855	14.1%

Cost of raw and other materials amounts to € 39,300 thousand for the period ended 30 September 2023, up by € 4,855 thousand compared to the amount at 30 September 2022 (€ 34,445 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 nine months of 2023.

3. COST OF SERVICES

	30 Sep 2023	30 Sep 2022	Change	% Change
Agent commissions and other costs	17,516	12,252	5,264	43.0%
Consulting and third parties services	14,512	13,566	947	7.0%
Software and Hardware maintenance costs	29,492	21,918	7,573	34.6%
Customer support service costs	6,054	4,971	1,083	21.8%
Administrative and management consulting costs	4,343	3,507	836	23.8%
Financial interest costs	2,273	2,997	(724)	-24.2%
Education - consulting and copyrights	1,713	1,455	257	17.7%
Magazines - consulting and copyrights	823	1,049	(226)	-21.6%
Other costs for education services	97	197	(100)	-50.7%
Advertising and marketing	14,752	14,204	548	3.9%
Management Fees	95	-	95	0.0%
Car rentals	3,579	2,608	971	37.2%
Rebate costs	3,240	3,546	(305)	-8.6%
Utilities	3,444	3,256	188	5.8%
Costs for services - Non core	14,279	6,170	8,110	n.s.
Other service expenses	11,719	9,387	2,332	24.8%
Cost of services - Gross of capitalization	127,932	101,083	26,849	26.6%
Services capitalised development costs	(2,598)	(3,317)	719	-21.7%
			0	0.0%
Total	125,334	97,766	27,568	28.2%

Cost of services for the period ended 30 September 2023 amounts to € 125,334 thousand, up by € 27,568 thousand from the amount of the period ended 30 September 2022 (€ 97,766 thousand).

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

4. PERSONNEL COSTS

	30 Sep 2023	30 Sep 2022	Change	% Change
Wages, salaries and social contributions	132,871	113,182	19,689	17.4%
Staff leaving indemnities	6,627	6,026	601	10.0%
Other personnel costs	4,004	2,323	1,681	72.3%
Personnel costs for redundancy and reorganizations	1,500	1,002	498	49.7%
Employees costs	145,002	122,533	22,469	18.3%
Freelancers and collaborators fees	486	239	247	n.s.
Directors' fees and related costs	4,065	3,191	874	27.4%
Directors and Collaborators	4,551	3,431	1,120	32.7%
Personnel - Gross of capitalization	149,553	125,964	23,590	18.73%
Personnel capitalised development costs	(13,630)	(9,569)	(4,061)	42.4%
Total	135,923	116,395	19,529	16.8%

Personnel costs for the period ended 30 September 2023 (€ 135,923 thousand) have increased by € 19,529 thousand, compared to the corresponding amount for the period ended 30 September 2022 (€ 116,395 thousand), as a consequence of the change in the consolidation area and of the organic growth experienced by the Group in the first nine months of 2023.

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

5. OTHER OPERATING COSTS

	30 Sep 2023	30 Sep 2022	Change	% Change
Condominium expenses and other rents	1,402	1,022	380	37.2%
Rentals	192	330	(138)	-41.9%
Other expenses for use of third parties assets	118	123	(5)	-4.1%
Other taxes	558	471	88	18.7%
Losses from assets disposals	14	50	(36)	-72.6%
Other expenses	1,516	2,253	(737)	-32.7%
Total	3,800	4,249	(449)	-10.6%

Other operating costs for the period ended 30 September 2023 (€ 3,800 thousand) have decreased for an amount of € 449 thousand compared to the corresponding amount for the period ended 30 September 2022 (€ 4,249 thousand).

6. FINANCE INCOME

	30 Sep 2023	30 Sep 2022	Change	% Change
Interest and other finance income	90	136	(46)	-33.8%
Gains on foreign exchange	81	1	80	n.s.
Interest from banks	376	0	376	n.s.
Interest from derivative instruments	6,958	-	6,958	0.0%
Depreciation - liabilities to non controlling shareholders of subs	2,574	6,332	(3,757)	-59.3%
Gain on valuation of derivative instruments	(0)	27,414	(27,414)	n.s.
Dividends	0	60	(60)	-99.5%
Total	10,080	33,943	(23,863)	-70.3%

Finance income for the period ended 30 September 2023 (€ 10,080 thousand) have decreased compared to the corresponding amount at 30 September 2022 (€ 33,943 thousand) for an amount of € 23,863 thousand due to Depreciation – liabilities to non controlling shareholders of subsidiaries and mainly to Gain on valuation of derivative instruments (see Note 15 Net Financial Indebtedness for further information).

7. FINANCE COST

	30 Sep 2023	30 Sep 2022	Change	% Change
Interest on bank overdrafts and loans	1,182	1,328	(145)	-10.9%
Interest on Notes	87,659	49,645	38,014	76.6%
Interest on other loans	3	-	3	0.0%
Interest on financing fees	6,782	5,887	895	15.2%
Revaluation - liabilities to non controlling shareholders of subs	3,079	8,613	(5,534)	-64.2%
Bank commissions	2,619	2,396	223	9.3%
Loss on valuation of derivative instruments	2,092	-	2,092	0.0%
Interest on actuarial valuation of employee benefits	215	555	(340)	-61.3%
Interest on lease contracts - IFRS 16	866	734	132	18.0%
Other IFRS financial charges	4,802	1,768	3,034	n.s.
Interest on cash pooling and other loans	17	3	14	n.s.
Other financial charges	79	101	(22)	-22.0%
Losses on foreign exchange	86	50	36	73.1%
Write-downs of financial assets	117	131	(14)	-10.8%
Total	109,598	71,210	38,388	53.9%

Finance cost for the period ended 30 September 2023 amounts to € 109,598 thousand with an increase of € 38,388 thousand, compared to the corresponding amount at 30 September 2022 (€ 71,210 thousand).

This change is mainly attributable to:

- the increase of € 38,014 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 € 5,534 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 nine months of 2023.

Cash flows from operating activities amount to € 170,697 thousand for the period ended 30 September 2023, increasing by € 20,307 thousand, compared to the corresponding flows for the period ended 30 September 2022 (€ 150,390 thousand).

Cash flows from investing activities = amount to negative € 302,837 thousand for the period ended 30 September 2023.

The main investment activities for the first nine 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 Aplifisa, MailUp and Mikrogroup).

Cash flows from financing activities = amount to € 23,751 thousand for the period ended 30 September 2023.

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

- the payment of IFRS16 leases liabilities, consisting of principal and interests;
- the draw down of the revolving credit facility (see Note 15 Net Financial Indebtedness);
- 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 Sep 2023	31 Dec 2022	Change	% Change
Land	638	638		
Buildings	2,226	2,446	(220)	-9.0%
Plant and machinery	1,668	2,145	(477)	-22.2%
Equipment	814	977	(163)	-16.7%
Other assets	11,261	9,997	1,264	12.6%
Total	16,606	16,203	404	2.5%

At 30 September 2023 Tangible fixed assets amount to € 16,606 thousand, with an increase of € 404 thousand compared with the balance recorded at 31 December 2022 (€ 16,203 thousand).

10. INTANGIBLE ASSETS

NET BOOK VALUE				
	30 Sep 2023	31 Dec 2022	Change	% Change
Capitalised development	34,103	26,336	7,767	29.5%
IFRS Assets	1,132,465	1,260,673	(128,207)	-10.2%
Other intangible assets	43,560	28,035	15,526	55.4%
Total	1,210,129	1,315,044	(104,915)	-8.0%

Intangible assets have gone from € 1,315,044 thousand at 31 December 2022 to € 1,210,129 thousand at 30 September 2023, with a decrease of € 104,915 thousand resulting from the aggregate of disposals, additions, capitalised development costs and amortisation for the period ended 30 September 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 September 2023 Right of use amounts to € 22,878 thousand, down by € 276 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 September 2023 amounts to € 2,064,123 thousand with an increase of € 258,932 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 Sep 2023	31 Dec 2022	Change	% Change
Investments in Associates	216	216		
Other Investments	151,756	258	151,498	58789.8%
Total	151,972	474	151,498	31960.3%

The balance of Investments in Associates and Other investments changed from € 474 thousand at 31 December 2022 to € 151,972 thousand at 30 September 2023, with an increase of € 151,498 thousand mainly attributable to the acquisition of Readytec, Aplifisa, Microntel, Multidata, GreeNext, Sistemi IT, Sigma Sistemi, TeamSystem Tirana and Mikrogroup (for further information, see “Significant events during the first nine months of 2023” section in Directors’ report).

14. DEFERRED TAX ASSETS AND LIABILITIES

	30 Sep 2023	31 Dec 2022	Change	% Change
Deferred tax assets	14,361	14,293	68	0.5%
Deferred tax liabilities	279,945	309,593	(29,649)	-9.6%

At 30 September 2023 Deferred tax assets amount to € 14,361 thousand, up by € 68 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 September 2023 Deferred tax liabilities amount to € 279,945 thousand with a decrease of € 29,649 thousand compared to the balance at 31 December 2022 (€ 309,593 thousand).

15. NET FINANCIAL INDEBTEDNESS

	30 Sep 2023		31 Dec 2022	
	Current	Non Current	Current	Non Current
Bank accounts and post office	37,089		145,496	
Cash and bank balances	52		27	
Total Cash and bank balances	37,141	0	145,523	0
Cash Pooling receivables	713		-	
Loans	2,125	-	25	-
Derivative instruments - assets	-	32,115	-	31,233
Accruals and prepaid commissions	78	-	38	-
Other financial assets	8,204	-	8,238	-
Total Other financial assets	11,121	32,115	8,301	31,233
Loans with banks	(136,984)	-	(1,767)	-
Finance leases liabilities	(6,803)	(18,125)	(6,561)	(18,715)
Notes	(38,233)	(1,635,000)	(21,181)	(1,635,000)
Financial liabilities with other institutions	(2,411)	-	(1,607)	-
Dividends to be paid	(40)	-	(40)	-
Total Financial liabilities	(184,471)	(1,653,125)	(31,158)	(1,653,715)
Financing Fees - notes	-	38,135	-	44,404
Financing Fees - banks	2,511	-	2,511	2,997
Total Financing Fees	2,511	38,135	0	47,402
Liabilities to non controlling shareholders of subsidiaries	(75,941)	(117,534)	(35,723)	(51,919)
Commissions financial liabilities	(76)	-	(217)	-
Cash pooling liabilities	(3,447)	-	-	-
Total Other financial liabilities	(79,464)	(117,534)	(35,941)	(51,919)
Total	(213,163)	(1,700,409)	86,726	(1,627,000)

Net financial indebtedness as at 30 September 2023 amounts to negative € 1,913,572 thousand.

■ **Cash and bank balances**

The amount of cash and bank balances stands at € 37,141 thousand as at 30 September 2023 and at € 145,523 thousand at 31 December 2022.

■ **Financial leases liabilities**

Following the adoption of IFRS 16 – Leases, Financial leases liabilities at 30 September 2023 reflects the recognition of a financial liability of € 24,928 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 September 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 September 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 (€ 193,475 thousand at 30 September 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, IT Review and Mikrogroup.

■ **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 September 2023.

16. INVENTORIES

	30 Sep 2023	31 Dec 2022	Change	% Change
Raw and ancillary materials	307	406	(99)	-24.5%
Finished products and goods	2,065	1,205	860	71.3%
(Allowance for slow-moving inventory)	(461)	(500)	39	-7.8%
Total	1,918	1,111	807	72.6%

At 30 September 2023 Inventories amount to € 1,918 thousand, substantially unchanged compared to the balance at 31 December 2022 (€ 1,111 thousand).

17. TRADE RECEIVABLES

	30 Sep 2023	31 Dec 2022	Change	% Change
Trade receivables	217,065	171,816	45,249	26.3%
(Allowance for bad debts)	(23,807)	(23,521)	(286)	1.2%
Total	193,259	148,296	44,963	30.3%

At 30 September 2023 Trade receivables (gross of Allowance for bad debts) amount to € 193,259 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 € 23,807 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 Sep 2023	31 Dec 2022	Change	% Change
Tax credits	204	186	17	9.4%
Other tax receivables	515	165	350	n.s.
Advances and credit on income taxes	245	610	(365)	-59.8%
Total	964	961	4	0.4%

At 30 September 2023 Tax receivables amount to € 964 thousand, substantially unchanged compared to the balance at 31 December 2022 (€ 961 thousand).

19. OTHER CURRENT RECEIVABLES

	30 Sep 2023	31 Dec 2022	Change	% Change
VAT receivables	3,945	475	3,470	n.s.
Deposits	569	666	(97)	-14.6%
Receivables from employees	216	124	92	74.2%
Other receivables - current	12,506	8,518	3,988	46.8%
Accrued income	231	226	5	2.0%
Prepayments	33,302	27,375	5,927	21.7%
Other current receivables	50,769	37,383	13,386	35.81%

At 30 September 2023 the Other current receivables balance amounts to € 50,769 thousand, up by € 13,386 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 € 5,927 thousand), because of the seasonality of the business of the Group;
- Other receivables (increase of € 3,988 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
Acquisition of Subsidiaries					0	(202)	(202)
Profit (Loss) for the year				(66,269)	(66,269)	60	(66,209)
Other Profit (Loss) on comprehensive income		8			8	(1)	8
30 Sep 2023	14,597	1,232,254	(258)	(66,269)	1,180,323	661	1,180,984

At 30 September 2023 the Group's equity amounts to € 1,180,323 thousand.

21. STAFF LEAVING INDEMNITY

	30 Sep 2023	31 Dec 2022	Change	% Change
Staff leaving indemnity	29,106	24,724	4,382	17.7%
Total	29,106	24,724	4,382	17.7%

At 30 September 2023 Staff leaving indemnity amounts to € 29,106 thousand, up by € 4,382 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 Sep 2023	31 Dec 2022	Change	% Change
Provision for pension and similar obligation	1,306	1,567	(261)	-16.7%
Provision for litigations	8,510	9,610	(1,100)	-11.4%
Other provision for risks and charges	2,814	1,524	1,291	84.7%
Total	12,630	12,701	(70)	-0.6%

At 30 September 2023 Provisions for risks and charges amount to € 12,630 thousand, down by € 70 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 Sep 2023	31 Dec 2022	Change	% Change
VAT liabilities	3,506	4,037	(531)	-13.15%
Withholdings liabilities	3,930	5,144	(1,214)	-23.6%
Employees payables and Social security liabilities - current	35,423	35,990	(567)	-1.6%
Advances	895	1,198	(304)	-25.3%
Other liabilities	1,095	1,137	(42)	-3.7%
Accrued liabilities	100	161	(61)	-37.9%
Deferred revenues	197,896	102,798	95,098	92.5%
				0.0%
Other current liabilities	242,845	150,466	92,379	61.40%
Social security liabilities - non current	347	381	(35)	-9.1%
Other tax liabilities - non current	8	8	-	0.0%
Other non current liabilities	354	389	(35)	-8.88%
Total Other liabilities	243,199	150,854	92,344	61.21%

At 30 September 2023 Other current liabilities amount to € 242,845 thousand, up by € 92,379 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 September 2023 Other non-current liabilities amount to € 354 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 Sep 2023	31 Dec 2022	Change	% Change
Income tax payables	10,109	8,519	1,590	18.66%
Other tax liabilities	30	409	(379)	-92.74%
Total	10,138	8,928	1,210	13.6%

At 30 September 2023 Current tax liabilities amount to € 10,138 thousand, up by € 1,210 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	TEAMSYS-TEM HOLDCO CONSOLIDATED	TEAMSYS-TEM HOLDCO STAND ALONE NET OF INTERCOMPANY	TEAMSYS-TEM HOLDCO 1 STAND ALONE NET OF INTERCOMPANY	TEAMSYS-TEM HOLDCO 2 STAND ALONE NET OF INTERCOMPANY	TEAMSYS-TEM HOLDCO 3 CONSOLIDATED	TEAMSYS-TEM HOLDCO 3 STAND ALONE NET OF INTERCOMPANY	TEAMSYS-TEM SPA CONSOLIDATED
Other financial assets	43,236	-	-	-	43,236	2	43,234
Cash and bank balances	37,141	44	12	67	37,017	29	36,988
Financial liabilities with banks and other institutions	(1,993,949)	-	-	-	(1,993,949)	(309,216)	(1,684,733)
TOTAL	(1,913,572)	44	12	67	(1,913,696)	(309,185)	(1,604,511)

□ □ □

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



