

EXCHANGE RATES						
	Average 2025	Average 2024	%	31 Mar 2025	31 Dec 2024	%
DKK	7.46	7.46	0.0%	7.46	7.46	0.0%
GBP	0.84	0.86	-2.3%	0.84	0.83	1.2%
LEK	98.91	103.79	-4.7%	98.91	98.07	0.9%
TRY	41.04	34.95		41.04	36.74	11.7%

Hyperinflationary economies

The Group has subsidiaries in Turkey. Following an extended period of monitoring inflation rates in Turkey, a consensus has been reached on the existence of conditions indicative of hyperinflation. As a result, the accounting standard IAS 29 "Financial reporting in hyperinflationary economies" has been applied to translate the accounts of the Turkish subsidiaries. In particular, in accordance with this standard, the restatement of the financial statements as a whole requires the application of specific procedures whereby, with reference to the profit or loss, all items are restated by applying the change in the general price level that occurred between the date on which the income and expenses were initially recognised in the financial statements and the balance sheet date. The Group used the consumer price index ("CPI"), considered the most reliable indicator of changes in general price levels, and normally closest to the concept of the general price index required by IAS 29. The Turkish CPI increased by 10.1% during the first quarter 2025.

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

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

□ □ □

► SEGMENT INFORMATION

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

- 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);
- 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;
- 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;
- **Cross-Segment Products** (previously called **HR Business Unit**): modular HR system covering all HR management and business process outsourcing requirements and Trust solution products.

□ □ □

► USE OF ESTIMATES

non-current financial liabilities) do not differ from their related carrying amounts, with the exception of the **2028 Fixed Rate Notes**, the **2028 Floating Rate Notes** and the **2031 Notes** for which the market quotation at 31 March 2025 (97.50 for the **2028 Fixed Rate Notes**, 100.317 for the **2028 Floating Rate Notes** and 99.924 for the **2031 Notes**) corresponds to the best estimate of fair value at 31 March 2025.

Levels of fair value hierarchy

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

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

Euro thousands

	Level 1	Level 2	Level 3	Total
Financial Assets				
Other Equity investments			451	451
Derivative instruments - assets		4,649		4,649
Other financial assets		6,646		6,646
		11,295	451	11,747
Financial Liabilities				
Liabilities to non controlling shareholders of subs			234,542	234,542
			234,542	234,542

The financial liability component for Liabilities to non-controlling shareholders of subsidiaries is the main category within level 3 of the fair value hierarchy and it consists of the fair value of the estimated liability arising from put and call or earn-out agreements relating to various non-controlling interests in Group companies; the related fair value was determined considering the contractual hypotheses for the determination of the consideration. Changes in fair value, due both to timing and possible changes in estimated indicators that form the basis for the computation of the consideration, are recognised in the consolidated statement of profit or loss.

The financial asset component for Derivative Instruments is the main category within level 2 of the fair value hierarchy and it consists of the fair value of the two interest rate swap contracts; the related fair value is determined considering the expected interest rate curve up to the expiry date of the derivative instruments.

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

■Collateral

The obligations arising from the **TeamSystem Notes** and the **RCF**, as modified and amended by the **RCF Amendment** (as described in Note 15), are secured by the following guarantees:

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

The obligations arising from the **2032 PIYW PIK Toggle Notes** are secured by the following guarantees:

- a pledge on the entire share capital of the PIK Issuer, granted on 18 November 2024;
- a pledge on the entire share capital of TeamSystem S.p.A., originally granted on 30 March 2021 and confirmed and extended from time to time;

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

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

□ □ □

►TRANSLATION OF FOREIGN CURRENCY FINANCIAL STATEMENTS - HYPERINFLATIONARY ECONOMIES

Assets and liabilities of consolidated foreign entities that are denominated in foreign currencies other than the euro are translated at the rates of exchange prevailing at the reporting date. Income and costs are translated at the average rates of exchange for the period (except for balances related to entities subject to IAS 29 "Financial Reporting in Hyperinflationary Economies," for which the year-end rate is applied even for non-monetary balances). Any resulting translation differences are recognised in the foreign currency translation reserve included in equity.

The foreign companies included in the scope of consolidation at 31 December 2023 that use a currency other than the euro are the following:

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

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

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

Hyperinflationary economies

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

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

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

□ □ □

►ACCOUNTING POLICIES

Set out below are the accounting policies adopted by the Group for the measurement of the components of the financial statements for the year ended 31 December 2023.

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

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

The impairment test models, as well as the financial data they contain and the related results, were approved by the Board of Directors of TeamSystem Holdco S.p.A. on 19 April 2024, in accordance with the guidelines contained in joint document No. 4 of March 2010 issued by ISVAP, Bank of Italy and Consob.

Given the uncertain scenario, the development and effects of which continue to be unpredictable, the estimates used by Management to prepare the impairment test at 31 December 2023 (such as, for example, those relating to expected cash flows, discount rates applied, the "g rate" growth rate used, etc.) could be affected, given the climate of uncertainty and the constantly changing scenario, also because of the ongoing international crisis caused by the armed conflicts between Russia and Ukraine, and Israel and Hamas.

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

15. ALLOCATION OF GOODWILL - RESTATEMENT OF 2022 GOODWILL and COMPANIES ACQUIRED IN 2023

► Restatement of 2022 Goodwill

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

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

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

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

Teamsyver S.r.l.

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

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

Euro thousands

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

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

Soluzioni Informatiche S.r.l.

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

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

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

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

Euro thousands

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

Levels of fair value hierarchy

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

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

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

The financial liability component for Liabilities to non-controlling shareholders of subsidiaries is the main category within level 3 of the fair value hierarchy and it consists of the fair value of the estimated liability arising from put and call or earn-out agreements relating to various non-controlling interests in Group companies; the related fair value was determined considering the contractual hypotheses for the determination of the consideration. Changes in fair value, due both to timing and possible changes in estimated indicators that form the basis for the computation of the consideration, are recognised in the consolidated statement of profit or loss; the impact recognised in the 2023 consolidated statement of profit or loss arising from the change in the fair value measurement of the liabilities to non-controlling shareholders of subsidiaries amounts to a decrease in their measurement of approximately € 13,730 thousand and an increase in their measurement of approximately € 13,016 thousand whereas € 11,964 thousand was recognised as finance costs for the discounting of the liability to non-controlling shareholders of subsidiaries at the new rate for the period in the item Other IFRS financial charges (see Note 7 Finance Income and Finance Costs and Note 18 Net Cash/Debt).

Note that the discount rate applied for the measurement of the liabilities to non-controlling shareholders of subsidiaries at 31 December 2023 is that adopted for performing Group impairment tests at 31 December 2023, which is the rate that equates to the cost of debt (gross of the tax effect) of 8.30% at 31 December 2023. This cost of debt is deemed representative of TeamSystem Group's specific credit risk at the balance sheet date. The Group has also performed an analysis of the sensitivity of the carrying amount of the liabilities to non-controlling shareholders of subsidiaries with respect to the interest rates applied. The results of this analysis are set out in the table below.

Cost of Debt - gross of tax	7.3%	7.8%	8.3%	8.8%	9.3%
Liabilities to non controlling shareholders of subsidiaries	206,446	205,155	203,865	202,614	201,363

Because of the uncertainties caused by the armed conflict between Russia and Ukraine and the conflict between Israel and Hamas, the development of which is still not entirely predictable, the estimates used by Management to determine the value of the put/call options and earn-outs due to non-controlling interest holders at 31 December 2023 (such as, for example, the plan projections and the discount rates used) may be affected.

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

■Collateral

At 31 December 2023, the obligations arising under the **TeamSystem Notes** and the **RCF** (as described below) were secured by the following security rights: