



EUROPEAN
COMMISSION

Brussels, 21.5.2025
C(2025) 3500 final

ANNEX

ANNEX

to the

Commission Recommendation

on the definition of small mid-cap enterprises

ANNEX

Definition of small mid-cap enterprises

1. Enterprise

An enterprise is considered to be any entity engaged in an economic activity, irrespective of its legal form. This includes partnerships or associations regularly engaged in an economic activity.

2. Staff headcount and financial ceilings

The category of small mid-cap enterprises is made up of enterprises which are not small and medium-sized enterprises in accordance with Recommendation 2003/361/EC, employ fewer than 750 persons and have an annual turnover not exceeding EUR 150 million or an annual balance sheet total not exceeding EUR 129 million.

3. Types of enterprise taken into consideration in calculating staff headcount numbers and financial amounts

3.1. An 'autonomous enterprise' is any enterprise which is not classified as a partner enterprise within the meaning of point 3.2 or as a linked enterprise within the meaning of point 3.5.

3.2. 'Partner enterprises' are all enterprises which are not classified as linked enterprises within the meaning of point 3.4 and where one enterprise (upstream enterprise) holds, either solely or jointly with one or more linked enterprises within the meaning of point 3.5, 25% or more of the capital or voting rights of another enterprise (downstream enterprise).

3.3. Except in the cases set out in point 3.4, an enterprise is not considered a small mid-cap enterprise if 25% or more of the capital or voting rights are directly or indirectly controlled, jointly or individually, by one or more public bodies.

3.4. By way of derogation from point 3.2, an enterprise may be ranked as autonomous, and thus as not having any partner enterprises, even if 25% or more of its capital or voting rights are held by the following investors, provided that those investors are not linked, within the meaning of point 3.5, either individually or jointly to the enterprise in question:

- (a) public investment corporations, venture capital or private equity funds, individuals or groups of individuals with a regular venture capital investment activity that invest equity capital in unquoted businesses ('business angels'), provided the total investment of those business angels in the same enterprise is less than EUR 5 000 000;
- (b) universities or non-profit research centres;
- (c) institutional investors, including regional development funds;
- (d) autonomous local authorities with an annual budget of less than EUR 10 million and fewer than 5 000 inhabitants.

3.5. 'Linked enterprises' are enterprises which have any of the following relationships with each other:

- (a) an enterprise has a majority of the shareholders' or members' voting rights in another enterprise;
- (b) an enterprise has the right to appoint or remove a majority of the members of the administrative, management or supervisory body of another enterprise;
- (c) an enterprise has the right to exercise a dominant influence over another enterprise pursuant to a contract entered into with that enterprise or to a provision in its memorandum or articles of association;
- (d) an enterprise, which is a shareholder in or member of another enterprise, controls alone, pursuant to an agreement with other shareholders in or members of that enterprise, a majority of shareholders' or members' voting rights in that enterprise.

There is a presumption that no dominant influence exists if the investors referred to in point 3.4, are not involving themselves directly or indirectly in the management of the enterprise in question, without prejudice to their rights as stakeholders.

- 3.5.1. Enterprises having any of the relationships set out in point 3.5 above through one or more other enterprises, or any one of the investors mentioned in point 3.4, are also considered to be linked.
- 3.5.2. Enterprises which have one or other of the relationships set out in point 3.5 above through a natural person or group of natural persons acting jointly are also considered linked enterprises if they engage in their activity or in part of their activity in the same relevant market or in adjacent markets. For the purposes of this point, 'adjacent market' means the market for a product or service situated directly upstream or downstream of the relevant market.

Enterprises may make a declaration of status as an autonomous enterprise, partner enterprise or linked enterprise, including the data regarding the ceilings set out in point 2.

- 3.5.3. Where an alternative investment fund as defined in Article 4(1), point (a), of Directive 2011/61/EU ⁽¹⁾ has invested into an enterprise, the following should not be considered "linked enterprises" for the purposes of point 3.5.:
 - (a) that enterprise and that alternative investment fund;
 - (b) that enterprise and the manager of that alternative investment fund;
 - (c) that enterprise and another enterprise in which that alternative investment fund has invested.

The first subparagraph applies provided that all the following conditions are met:

- (a) the alternative investment fund and its manager, and the enterprises concerned maintain separate accounting records;
- (b) the alternative investment fund and its manager have a pre-defined investment strategy to exit the enterprise or enterprises concerned, including by realising their value through the sale of the enterprise or other means.

⁽¹⁾ Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers and amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) No 1060/2009 and (EU) No 1095/2010 (OJ L 174, 1.7.2011, p. 1, ELI: <http://data.europa.eu/eli/dir/2011/61/oj>).

4. The declaration may be made even if the capital is spread in such a way that it is not possible to determine exactly by whom it is held, in which case the enterprise may declare in good faith that it can legitimately presume that it is not owned as to 25% or more by one enterprise or jointly by enterprises linked to one another. Such declarations are made without prejudice to the checks and investigations provided for by national or Union rules. Data used for the staff headcount and the financial amounts and reference period
- 4.1. The data to apply to the staff headcount and the financial amounts are those relating to the latest approved accounting period and calculated on an annual basis. They are taken into account from the date of closure of the accounts. The amount selected for the turnover is calculated excluding value added tax and other indirect taxes.
- 4.2. Where, at the date of closure of the accounts, an enterprise finds that, on an annual basis, it has exceeded or fallen below the headcount or financial ceilings stated in point 2, this will not result in the loss or acquisition of the status of small mid-cap enterprise unless those ceilings are exceeded over two consecutive accounting periods.
- 4.3. In the case of newly established enterprises whose accounts have not yet been approved, the data to apply is to be derived from a bona fide estimate made during the financial year.
5. Staff headcount
- 5.1. The headcount corresponds to the number of persons who worked full-time within the enterprise in question or on its behalf during the entire reference year under consideration ('annual work units'). The work of persons who have not worked the full year, the work of those who have worked part-time, regardless of duration, and the work of seasonal workers are counted as fractions of annual work units. The staff consists of the following:
 - (a) employees;
 - (b) persons working for the enterprise being subordinated to it and deemed to be employees under national law;
 - (c) owner-managers;
 - (d) partners engaging in a regular activity in the enterprise and benefiting from financial advantages from the enterprise.
- 5.2. Apprentices or students engaged in vocational training with an apprenticeship or vocational training contract are not included as staff. The duration of maternity or parental leaves is not counted.
6. Establishing the data of an enterprise
- 6.1. In the case of an autonomous enterprise, the data, including the number of staff, are determined exclusively on the basis of the accounts of that enterprise.
- 6.2. The data, including the headcount, of an enterprise having partner enterprises or linked enterprises as referred to in point 3 are determined on the basis of the accounts and other data of the enterprise or, where they exist, the consolidated accounts of the enterprise, or the consolidated accounts in which the enterprise is included through consolidation.

To the data referred to in the first subparagraph are added the data of any partner enterprise of the enterprise in question situated immediately upstream or downstream from it. Aggregation is proportional to the percentage interest in the capital or voting rights, whichever is greater. In the case of crossholdings, the greater percentage applies.

To the data referred to in the first and second subparagraph is added 100% of the data of any enterprise, which is linked directly or indirectly to the enterprise in question, where the data were not already included through consolidation in the accounts.

- 6.3. For the application of point 6.2, the data of the partner enterprises of the enterprise in question are derived from their accounts and their other data, consolidated if they exist. To these is added 100% of the data of enterprises which are linked to these partner enterprises unless their accounts data are already included through consolidation.

For the application of point 6.2, the data of the enterprises which are linked to the enterprise in question are to be derived from their accounts and their other data, consolidated if they exist. To that data is added, pro rata, the data of any possible partner enterprise of that linked enterprise, situated immediately upstream or downstream from it, unless it has already been included in the consolidated accounts with a percentage at least proportional to the percentage identified under point 6.2, second paragraph.

- 6.4. Where in the consolidated accounts no staff data appear for a given enterprise, these are calculated by aggregating proportionally the data from its partner enterprises and by adding the data from the enterprises to which the enterprise in question is linked.

