Consolidated and separate financial statements as at 31 December 2021

Financial statements prepared in accordance with IAS/IFRS accounting standards

- Figures in Euro -

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Corporate Bodies

Board of Directors

(In office until the approval of the financial statements as at 31 December 2022)

Name and Surname	Office
Matteo Monfredini	Chairman of the BoD with proxies
Nazzareno Gorni	Deputy Chairman of the BoD with proxies
Micaela Cristina Capelli	Director with proxies
Armando Biondi	Director without proxies
Ignazio Castiglioni	Independent director without proxies

Board of Statutory Auditors

(In office until the approval of the financial statements as at 31 December 2022)

Name and Surname	Office
Michele Manfredini	Chairman of the Board of Statutory Auditors
Fabrizio Ferrari	Regular Auditor
Giovanni Rosaschino	Regular Auditor
Piergiorgio Ruggeri	Alternate Auditor
Andrea Tirindelli	Alternate Auditor

Independent auditing firm

(In office until the approval of the financial statements as at 31 December 2022)

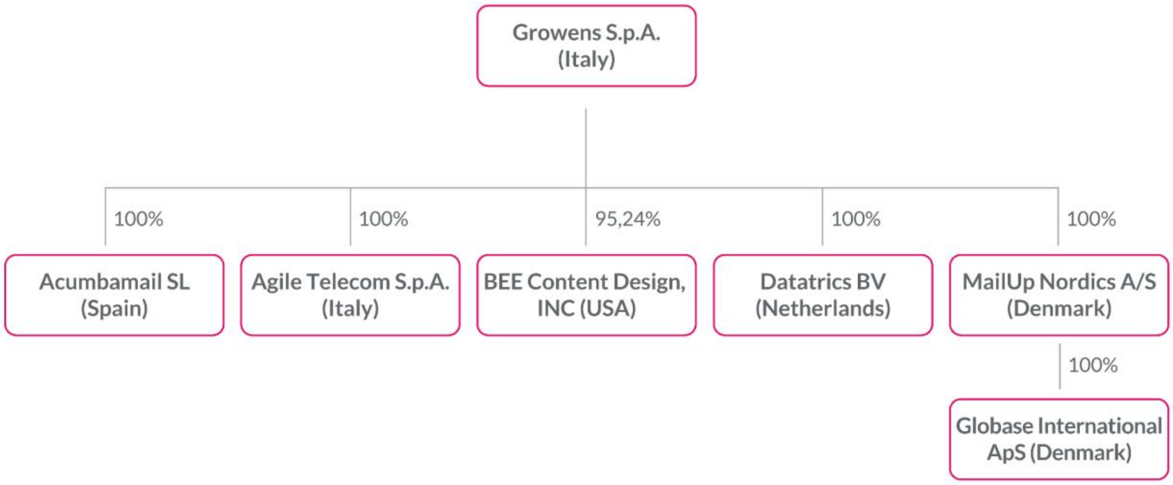
BDO Italia S.p.A.

1. Growens Group, European leader in Cloud Marketing Technologies

The Growens Group (hereinafter also the "Growens Group" or the "Group"), formerly MailUp Group, is a vertically integrated operator active in Cloud Marketing Technologies (MarTech), a sector in significant expansion and evolution, and offers a wide range of solutions to its customers, with particular focus on messaging and data-driven and multi-channel marketing automation. The Group's core business is represented by the development and sale of (i) technologies for the mass sending of e-mails and mobile messaging, in particular through the SMS channel, for marketing and transaction purposes, (ii) sophisticated e-mail and landing page editing tools, (iii) AI-based innovative solutions in marketing technologies (Predictive Marketing), in addition to (iv) professional consulting services in these areas. The parent company Growens S.p.A. (hereinafter "Growens" or also the "Company") has developed a multi-channel Software-as-a-Service (SaaS) platform (e-mail, newsletter, SMS and messaging apps) of cloud computing for the professional management of digital marketing campaigns called MailUp used by over 9,200 direct customers, in addition to over 16,000 customers of the other 4 business units and over 280,000 customers of the free editions of various services, in particular offered by BEEfree.io. At consolidated level, the Group operates with about 26,000 customers distributed in about 140 countries and is present with its offices on three continents with a staff of over 250 employees. After admission to trading of the ordinary shares in 2014 on the Euronext Growth Milan multilateral trading system (formerly AIM Italia) operated by Borsa Italiana, Growens added to the organic growth a development path for external lines, acquiring established and emerging businesses in the same market segment or complementary businesses: Acumbamail (Spanish market and LatAm), Globase (Nordics market), Agile Telecom (SMS wholesale market) and Datatrics (artificial intelligence).

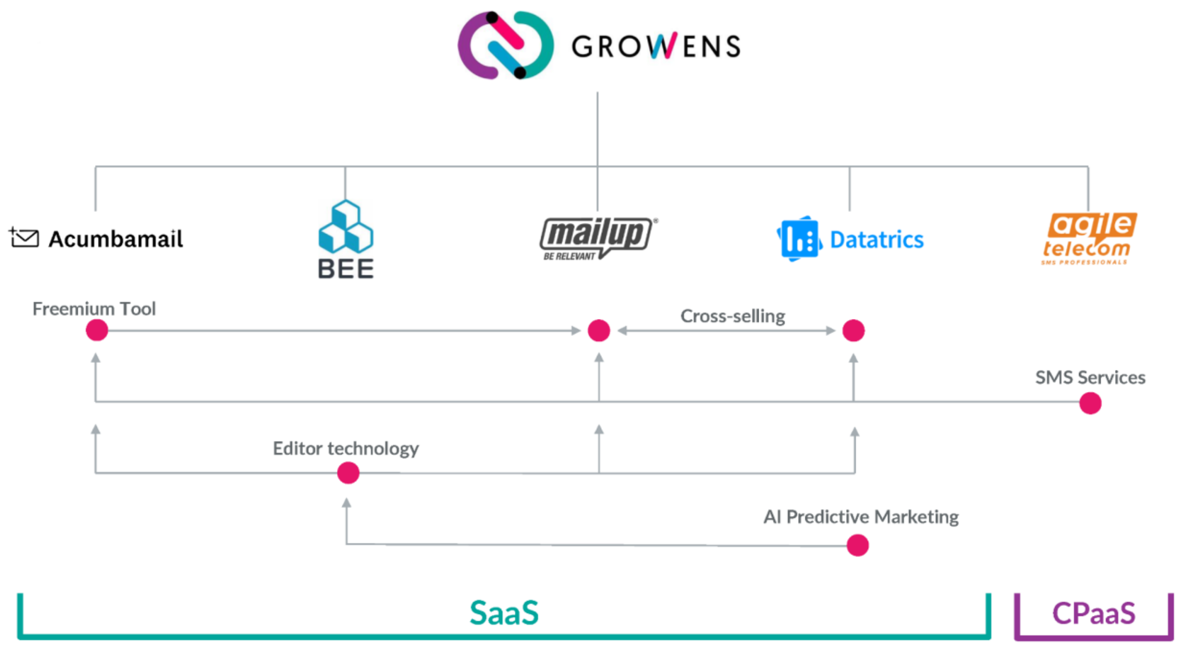
Growens Group structure

Below is the organizational structure of the Group as at 31 December 2021:



As better specified in the following section on the main events of the year, on 22 April 2021 the Extraordinary Shareholders' Meeting of Growens resolved to change its company name from "MailUp S.p.A." to "Growens S.p.A." (hereinafter "Growens" and also the "Company") in accordance with the specific proposal made by the Board of Directors on 23 March 2021, which was followed by the new name adopted by the Group.

All the entities in the above chart are 100% owned by Growens, except BEE Content Design Inc. (formerly MailUp Inc.), 95.24% owned. The path of growth by external lines undertaken by the Group has made it possible, and will increasingly make it possible in the future, to develop product strategies in the field of technology and commercial growth, summarized in the graphic representation below:



Acumbamail SL is a Spanish e-mail marketing provider that also provides SMS packages and transactional services with a freemium business model that is particularly attractive for small and micro businesses. The Acumbamail platform allows the creation, sending and management of multi-channel marketing campaigns, allowing to track the relative performance in real time. More than 3,600 paying customers use the services of the Spanish subsidiary. Including also the free plans, there are about 80,000 users.

Agile Telecom SpA with registered office in Carpi (MO) is an operator authorized by the Ministry of Economic Development and Communication to offer a public communication service (OLO – Other Licensed Operator) and is also registered with the Register of Operators in Communication (ROC) held by the Italian Authority for Telecommunications Guarantees (AGCOM). Agile Telecom is a leader in the Italian wholesale SMS market with more than two billion messages sent in 2021 and manages the sending out of promotional and transactional A2P messages (One-Time Password, notifications and alerts) on behalf of more than two thousand customers. It is also practically the Group's exclusive provider of reference for the SMS delivery services provided by the MailUp and

Acumbamail platforms, thus making it possible to exploit the economic and technological synergies outlined above.

Bee Content Design Inc., formerly MailUp Inc., organized according to the dual company model, with a business team located in the United States and based in San Francisco, in the heart of Silicon Valley, and a technological team located in Italy, is focused on the development and commercialization of the innovative e-mail editor BEE (Best E-mail Editor). Thanks to the rapid growth and the interest from professional digital marketing operators since the launch, BEE is establishing itself as a leading solution with over 11,400 customers, both in the Plug-in version, adopted by over 600 SaaS applications, from start-ups to companies with billions of dollars in sales, many of them in Silicon Valley, and in the Pro version, appreciated by e-mail designers, large companies (such as Netflix) and digital marketing agencies in about 150 countries. The business unit is investing both in incremental improvements to existing services and in the development of new services that will complement and integrate existing ones, thus increasing average revenue per customer. Effective 04 October 2021, the U.S. subsidiary, formerly MailUp Inc. changed its name to Bee Content Design Inc. On 18 November 2021, Massimo Arrigoni, Chief Executive Officer of the subsidiary, as the beneficiary of a stock option plan dating back to 2011, subscribed to 250,000 shares of the company, becoming a shareholder of 4.76% of the company's capital.

BEE

Datatrics B.V., latest acquisition, is a Dutch company, established in 2012, that owns a cutting-edge proprietary predictive marketing platform used by about 300 customers, which allows the marketing teams to build experiences based on data managed by artificial intelligence, resulting in a better customer experience and a consequent increase in conversion and loyalty of customers, through a data management platform developed with a self-learning algorithm. The use of artificial intelligence allows the combination of data from multiple sources, both internal (CRM, e-mail, social networks, e-commerce, web analytics and other) and external (demographic data, weather, traffic and other) using an open actionable customer data platform.

Datatrics

MailUp Nordics A/S is the sub-holding that controls 100% of **Globase International A.p.S.**, a Danish company specializing in advanced digital marketing automation services for customers in the Nordics market. As of 2019, Globase is no longer separately represented as a business unit, since it only carries out commercial branch activities for the resale of the MailUp platform. In addition, since March 2020, part of the Globase team has been working with the American BEE on accounting activities for high-end BEE Pro customers in the European area.

The process of voluntary liquidation of the Italian subsidiary Datatrics S.r.l., no longer included in the Group's strategic plans, which began on 26 November 2020, was concluded with the cancellation of the company from the Register of Companies on 12 October 2021. In 2021, the company was consequently excluded from the scope of consolidation.

2. Summary data

Significant events in the year ended as at 31 December 2021

In 2021, the activities of the Group were characterized by the events indicated below:

On 02 March 2021, the Company announced its inclusion for the second year in the "FT 1000 Europe's Fastest Growing Companies 2021" ranking, edited by the Financial Times and Statista. Conducted by Statista and the Financial Times - the UK's leading business and financial newspaper and one of the most authoritative in the world - the "FT 1000" ranking of Europe's best companies by turnover is the result of the analysis that each year examines thousands of European companies, focusing on their growth. The final ranking includes the best-performing companies on a continental scale, with Italy taking a quarter of the positions across Europe.

On 23 March 2021, the Board of Directors that approved the draft financial statements also resolved to propose to the Shareholders' Meeting, called in ordinary and extraordinary session on 22 April 2021, the change of the company name from "MailUp S.p.A." to "Growens S.p.A.". This decision was taken as part of a project to update the positioning, mission and purpose of the company, developed to better represent the identity of an international Group now composed of 5 business units and with a portfolio of solutions for marketing applications no longer only related to e-mail technologies, thanks to the path of growth in sectors and markets not yet covered at the time of its foundation.

On 15 April 2021, the Company announced the strengthening of its Datatrics business unit with the addition of three new top management positions in Sales, Marketing and Customer Value Management. The appointment of these three new top management figures, based in the Netherlands, is a key factor in bringing new and important skills to the company as Datatrics moves from start-up to scale-up during 2021, through a major corporate evolution project called Datatrics Value Creation Plan, aimed at strengthening the company's organization.

On 22 April 2021, the Shareholders' Meeting resolved to change the name of the parent company from "MailUp S.p.A." to "Growens S.p.A.". This change became effective on 30 April 2021 and the trading ticker was changed accordingly. As of 03 May 2021, the new ticker for Growens S.p.A. ordinary shares, ISIN code IT0005040354, is GROW.

On 04 May 2021, the Company disclosed the second Sustainability Report, a document produced on a voluntary basis by the parent company to communicate in a transparent and consistent manner to all stakeholders the values, strategies and performance directly associated with the related economic, social and environmental impacts, summarized in the acronym ESG (Environmental, Social and Governance). Compared to the first edition (2019), Growens' Sustainability Report 2020 is not limited to analysing the performance of the parent company alone, but includes the results of all five divisions. The reporting, preceded by the Materiality Analysis, which directly involved the representatives of the main corporate functions, covered the period 1 January - 31 December 2020 and was carried out in accordance with the GRI Sustainability Reporting Standards (GRI Standards). On the same date, the Company announced that it had been included among the Leaders in Sustainability 2021, an initiative organized by Il Sole 24 Ore and Statista with the aim of identifying companies in Italy that have distinguished themselves by making choices that are truly oriented towards sustainability. In the selection process, Statista and Il Sole 24 Ore conducted research on a panel of 1,500 companies that have published their own sustainability report in recent years. Finally, Growens has been included in the list of 150 virtuous companies on sustainability issues.

On 04 June 2021, the Company announced the publication of a corporate study by Arrowhead, a leading New York-based financial institution specializing in investment banking and investor relations at the international level. Growens has engaged Arrowhead to perform Investor Relations services, which include the production and distribution of financial analysis. Arrowhead's coverage adds to that provided by analysts at Intesa San Paolo, CFO SIM and Value Track.

On 19 July 2021, the Company announced the strengthening of group management with the entry of a new Head of Business Controlling and the introduction of the new figure of Cyber Security Manager, as well as the strengthening of its MailUp business unit with the entry of a new Head of Marketing, consistent with its plan to increase its workforce.

On 23 September 2021, the Company announced the strengthening of group management with the addition of Enrica Lipari to the role of People & Culture Director.

On 18 November 2021, Growens announced it joined for the second consecutive year the "Growth Leaders 2022", the ranking of the 450 Italian companies that have recorded the highest compound growth in turnover over the three-year period 2017-2020. The list is drafted by Il Sole 24 Ore in collaboration with Statista, a German web portal for statistics that processes and makes available data and market research in the economic area. Within the ranking, Growens is in the Top20 by turnover and in the middle of the rankings by growth rate.

On 30 November 2021, the Group announced the new Growens Way of Working policy, the manifesto aimed at formalizing the Group's stance towards hybrid and remote work, transforming the temporary pandemic remote-first experience into a structural cultural element, driven by a specific organizational vision. The path, which started in 2018 with a smart working pilot project for Italian employees, brings this experience, accelerated during the pandemic, to system by applying the new concept to all the Group's 5 Business Units in Italy, Spain, Northern Europe and the United States, with the final adoption of a hybrid way of working, based on flexibility, coordination and distributed responsibility.

3. Summary report

Consolidated Income Statement as at 31 December 2021 – Amounts in Euro

	31/12/2021	%	31/12/2020	%	Change	Ch. %
SaaS Revenues	26,089,735	36.6%	23,673,265	36.3%	2,416,470	10.2%
CPaaS Revenues	44,070,048	61.9%	40,028,068	61.4%	4,041,980	10.1%
Other Revenues	1,077,179	1.5%	1,532,255	2.3%	(455,076)	(29.7%)
Total Revenues	**71,236,961**	**100.0 %**	**65,233,588**	**100.0%**	**6,003,372**	**9.2%**
Cost of Goods Sold	47,436,618	66.6%	43,879,717	67.3%	3,556,901	8.1%
Gross Profit	**23,800,343**	**33.4%**	**21,353,872**	**32.7%**	**2,446,472**	**11.5%**
Sales & Marketing costs	7,323,997	10.3%	6,402,060	9.8%	921,938	14.4%
Research & Development Opex	3,175,065	4.5%	2,881,405	4.4%	293,661	10.2%
Research & Development Capex	*(2,661,338)*	*(3.7%)*	*(1,868,113)*	*(2.9%)*	*(793,225)*	*42.5%*
Research & Development costs	*5,836,403*	*8.2%*	*4,749,518*	*7.3%*	*1,086,886*	*22.9%*
General & Admin Costs	8,099,937	11.4%	6,981,703	10.7%	1,118,234	16.0%
Total Costs	**18,599,000**	**26.1%**	**16,265,167**	**24.9%**	**2,333,833**	**14.3%**
Ebitda	**5,201,344**	**7.3%**	**5,088,705**	**7.8%**	**112,639**	**2.2%**
General Depreciation Costs	344,028	0.5%	433,251	0.7%	(89,223)	(20.6%)
Right of Use Amortization Costs	1,188,778	1.7%	1,096,314	1.7%	92,464	8.4%
R&D Amortization Costs	2,385,842	3.3%	2,024,675	3.1%	361,166	17.8%
Amortization & Depreciation	150,666	0.2%	154,510	0.2%	(3,844)	(2.5%)
Amortization & Depreciation	**4,069,313**	**5.7%**	**3,708,750**	**5.7%**	**360,563**	**9.7%**
Ebit	**1,132,031**	**1.6%**	**1,379,955**	*2.1%*	**(247,924)**	**(18.0%)**
Net financial income/(charges)	(49,653)	(0.1%)	(178,809)	(0.3%)	129,155	(72.2%)
Ebt	**1,082,377**	**1.5%**	**1,201,146**	**1.8%**	**(118,769)**	**(9.9%)**
Current Income Taxes	(848,723)	(1.2%)	(565,811)	(0.9%)	(282,912)	50.0%
Deferred Taxes	134,955	0.2%	(70,407)	(0.1%)	205,362	(291.7%)
Net Profit (Loss)	**368,608**	**0.5%**	**564,927**	**0.9%**	**(196,319)**	**(34.8%)**

Consolidated Balance Sheet as at 31 December 2021 – Amounts in Euro

	31/12/2021	31/12/2020	Change	Ch. %
Intangible fixed assets	6,934,260	5,188,299	1,745,961	33.7%
Goodwill	15,326,343	16,477,023	(1,150,680)	(7.0%)
Tangible fixed assets	1,451,491	1,700,842	(249,351)	(14.7%)
Rights of Use (IFRS 16)	3,168,182	3,701,056	(532,874)	(14.4%)
Financial fixed assets	200,985	223,748	(22,764)	(10.2%)
Fixed Assets	**27,081,261**	**27,290,970**	**(209,709)**	**(0.8%)**
Receivables from customers	12,465,270	10,354,302	2,110,968	20.4%
Payables to supplier	(14,188,380)	(11,795,918)	(2,392,463)	20.3%
Payables to associated companies	(2,000)	(31,220)	29,220	(93.6%)
Commercial Trade Working Capital	**(1,725,110)**	**(1,472,835)**	**(252,275)**	**17.1%**
Tax receivables and payables	290,878	2,420,896	(2,130,017)	(88.0%)
Accruals and deferrals	(7,845,047)	(7,405,599)	(439,448)	5.9%
Other receivables and payables	(3,589,466)	(3,449,879)	(139,587)	4.0%
Net Working Capital	**(12,868,744)**	**(9,907,417)**	**(2,961,327)**	**29.9%**
Provisions for risks and charges	(936,801)	(630,970)	(305,831)	48.5%
Provisions for severance and pension	(2,265,831)	(1,983,682)	(282,149)	14.2%
Net Capital Invested	**11,009,885**	**14,768,900**	**(3,759,016)**	**(25.5%)**
Share capital	374,276	374,276	0	0.0%
Reserves	16,775,315	16,343,604	431,711	2.6%
Profit (Loss) for the period	387,098	564,927	(177,830)	(31.5%)
Minority shareholder's equity	(6,086)	0	(6,086)	100.0%
Net Equity	**17,530,603**	**17,282,807**	**247,796**	**1.4%**
Cash	(13,324,983)	(9,866,364)	(3,458,619)	35.1%
Short-term debt	1,234,624	985,500	249,123	25.3%
Financial liabilities right of use (short term)	998,388	1,029,099	(30,711)	(3.0%)
AFS Financial Assets	0	(195)	195	(100.0%)
Medium/long-term debt	2,270,862	2,641,533	(370,672)	(14.0%)
Financial liabilities right of use (medium/long term)	2,300,390	2,696,519	(396,129)	(14.7%)
Net financial position	**(6,520,719)**	**(2,513,907)**	**(4,006,812)**	**159.4%**
Total sources	**11,009,885**	**14,768,900**	**(3,759,016)**	**(25.5%)**

Separate Income Statement as at 31 December 2021 – Amounts in Euro

	31/12/2021	%	31/12/2020	%	Change	Ch. %
SaaS Revenues	15,713,220	67.9%	15,395,234	73.6%	317,986	2.1%
Intercompany revenues	6,614,527	28.6%	4,352,712	20.8%	2,261,815	52.0%
Other Revenues	816,688	3.5%	1,182,514	5.6%	(365,826)	(30.9%)
Total Revenues	**23,144,435**	**100.0 %**	**20,930,460**	**100.0%**	**2,213,975**	**10.6%**
Cost of Goods Sold	6,883,821	29.7%	5,766,707	27.6%	1,117,113	19.4%
Gross Profit	**16,260,615**	**70.3%**	**15,163,752**	**72.4%**	**1,096,862**	**7.2%**
Sales & Marketing costs	4,411,361	19.1%	3,698,622	17.7%	712,739	19.3%
Research & Development Opex	**3,786,031**	**16.4%**	**2,854,198**	**13.6%**	**931,833**	**32.6%**
Research & Development Capex	*(859,913)*	*(3.7%)*	*(804,139)*	*(3.8%)*	*(55,774)*	*6.9%*
Research & Development costs	*4,645,944*	*20.1%*	*3,658,337*	*17.5%*	*987,607*	*27.0%*
General & Admin Costs	5,423,375	23.4%	4,711,632	22.5%	711,744	15.1%
Total Costs	**13,620,768**	**58.9%**	**11,264,452**	**53.8%**	**2,356,315**	**20.9%**
Ebitda	**2,639,847**	**11.4%**	**3,899,300**	**18.6%**	**(1,259,453)**	**(32.3%)**
General Depreciation Costs	198,378	0.9%	323,156	1.5%	(124,778)	(38.6%)
Right of Use Amortization Costs	889,620	3.8%	784,254	3.7%	105,366	13.4%
R&D Amortization Costs	1,322,406	5.7%	1,379,940	6.6%	(57,534)	(4.2%)
Amortization & Depreciation	150,680	0.7%	166,893	0.8%	(16,213)	(9.7%)
Amortization & Depreciation	**2,561,083**	**11.1%**	**2,654,243**	**12.7%**	**(93,160)**	**(3.5%)**
Ebit	**78,764**	**0.3%**	**1,245,056**	**5.9%**	**(1,166,293)**	**(93.7%)**
Net financial income/(charges)	1,071,560	4.6%	856,633	4.1%	214,927	25.1%
Ebt	**1,150,323**	**5.0%**	**2,101,689**	**10.0%**	**(951,366)**	**(45.3%)**
Current Income Taxes	(70,258)	(0.3%)	(88,841)	(0.4%)	18,583	(20.9%)
Deferred Taxes	(217,879)	(0.9%)	(296,007)	(1.4%)	78,128	(26.4%)
Net Profit (Loss)	**862,186**	**3.7%**	**1,716,841**	**8.2%**	**(854,655)**	**(49.8%)**

Separate Balance Sheet as at 31 December 2021 – Amounts in Euro

	31/12/2021	31/12/2020	Change	Ch. %
Intangible fixed assets	3,659,270	3,118,415	540,855	17.3%
Tangible fixed assets	1,354,448	1,579,291	(224,842)	(14.2%)
Rights of Use (IFRS 16)	2,708,323	3,301,698	(593,375)	(18.0%)
Financial fixed assets	19,282,090	20,060,727	(778,637)	(3.9%)
Fixed Assets	**27,004,132**	**28,060,130**	**(1,055,999)**	**(3.8%)**
Receivables from customers	2,991,636	2,126,986	864,650	40.7%
Receivables from subsidiaries	3,889,379	2,637,189	1,252,190	47.5%
Payables to supplier	(1,588,326)	(1,739,204)	150,878	(8.7%)
Payables to subsidiaries	(1,750,832)	(984,436)	(766,396)	77.9%
Payables to associated companies	(2,000)	(31,220)	29,220	(93.6%)
Commercial Trade Working Capital	**3,539,856**	**2,009,315**	**1,530,542**	**76.2%**
Tax receivables and payables	(139,312)	(271,100)	131,788	(48.6%)
Accruals and deferrals	(6,239,454)	(5,825,077)	(414,378)	7.1%
Other receivables and payables	(3,338,334)	(3,179,508)	(158,826)	5.0%
Net Working Capital	**(6,177,244)**	**(7,266,370)**	**1,089,126**	**(15.0%)**
Provisions for risks and charges	(166,667)	(66,667)	(100,000)	150.0%
Provisions for severance and pension	(1,999,034)	(1,710,743)	(288,291)	16.9%
Net Capital Invested	**18,661,187**	**19,016,350**	**(355,164)**	**(1.9%)**
Share capital	374,276	374,276	0	0.0%
Reserves	18,640,036	16,981,944	1,658,092	9.8%
Profit (Loss) for the period	862,186	1,716,841	(854,655)	(49.8%)
Net Equity	**19,876,498**	**19,073,061**	**803,437**	**4.2%**
Cash	(7,485,288)	(6,978,157)	(507,131)	7.3%
Short-term debt	1,194,687	955,301	239,386	25.1%
Financial liabilities right of use (short term)	776,497	763,286	13,211	1.7%
AFS Financial Assets	0	(195)	195	(100.0%)
Medium/long-term debt	2,270,862	2,641,533	(370,672)	(14.0%)
Financial liabilities right of use (medium/long term)	2,027,930	2,561,520	(533,590)	(20.8%)
Net financial position	**(1,215,312)**	**(56,712)**	**(1,158,600)**	**2,043.0%**
Total sources	18,661,187	19,016,350	(355,163)	(1.9%)

4. Consolidated and separate annual Report on Operations as at 31 December 2021

The year ended on 31 December 2021 records a positive consolidated result of Euro 368,608, net of losses pertaining to minorities for Euro 18,489, after amortisation, depreciation and impairment applied for a total of Euro 4,069,313 and provisions made for current and deferred tax in the amount of Euro 713,769. The EBITDA of the Growens Group amounted to Euro 5,201,344 in the reporting year. The separate financial statements of the parent company Growens for the same period, recorded a positive result of Euro 862,186 with EBITDA of Euro 2,639,847.
Below is the analysis of the position and the trend of operations relative to 2021 at consolidated level.

Introduction

This Report on Operations is presented for the purposes of the consolidated financial statements of the Growens Group prepared in accordance with International Accounting Standards (IAS/IFRS).

In this document, we provide information regarding the Group's consolidated position. This Report, drawn up with balances expressed in Euro, is presented so as to accompany the Group consolidated financial statements for the purpose of providing income-related, equity, financial and operating information on the Group accompanied, where possible, by historic elements and forecasts valuations.
The Consolidated Balance Sheet and Consolidated Income Statement as at 31 December 2020 are shown for comparison purposes.
As regards the consolidated financial statements, which strive to ensure standardized measurement criteria and have been prepared on the basis of full consolidation, please note that the consolidation scope is as shown below (as at 31 December 2021):

Company name	Registered office	Share capital	%
GROWENS S.p.A.	Milan	Euro 374,276	parent company
BEE CONTENT DESIGN Inc (MAILUP Inc.)	United States of America	Euro 43,295*	95.24%
MAILUP NORDICS A/S	Denmark	Euro 67,001*	100%
GLOBASE INTERNATIONAL ApS	Denmark	Euro 16,750*	100% controlled by MailUp Nordics

AGILE TELECOM S.p.A.	Carpi (MO)	Euro 500,000	100%
ACUMBAMAIL SL	Spain	Euro 4,500	100%
DATATRICS BV	The Netherlands	Euro 999	100%

(* historic exchange rate applied as at the date of first consolidation)

Economic context for FY 2021

The year 2021 saw a positive start, albeit still difficult due to the aftermath of the closures and slowdowns of economic activities resulting from the Covid-19 pandemic and the consequent lockdown periods, and a second half marked by good growth and recovery of economic activities, albeit offset by a sharp increase in inflation, characterized by generalized phenomena of increased consumption, significant recovery of investment and trade, and progress in employment.

Internationally, in the second half of 2021, the global economy continued to grow as a result of progress in vaccination campaigns especially since the second quarter, albeit with some obstacles to fully reactivating value chains. Energy component inflation is a potential halt on global production. After a good first quarter (up 3.3%), world trade in goods slowed down in the second quarter (up 0.8%) and contracted between August and September (down 1.1%), due in particular to the fall in trade from China. The global economic outlook remains positive but characterized by high volatility with respect to the evolution of the pandemic, the reabsorption of inflationary dynamics and the removal of production constraints. The European Commission's autumn forecasts indicate an increase in world GDP for 2021 and 2022 (+5.7% and +4.5% respectively), with a particular contribution from emerging and developing countries. Among advanced countries, economic recovery performance varied over the summer months, with Europe recovering better than the United States and China. Chinese GDP in the third quarter slowed down (+0.2%, vs. +1.5% in the previous quarter), marked by rising energy prices, problems in the real estate sector and lockdown measures linked to partial and local resumption of contagions. Overall, in 2021 Chinese GDP growth is estimated at +7.9% and the expansionary phase will continue in 2022, albeit at a lower rate (+5.3%). US GDP also decelerated in the third quarter compared with the second quarter (+0.5% vs. +1.6%), primarily due to the slowdown in consumption and non-residential fixed investment. Estimated growth in 2021 is expected to be 5.8%, while the high level of inflation and the possible normalization of monetary policy should lead to a slowdown in 2022 (+4.5%).

In the Euro area, the economy showed further signs of strengthening in the third quarter, with GDP up 2.2%, although output and employment levels were still lower than pre-crisis levels. The largest increases were in France (+3.0%) and Italy (+2.6%) compared with Spain (+2.0%) and Germany (+1.8%). The economic outlook for the area as a whole remains favourable. After slowing in the summer months, expected GDP growth for 2021 is 5.0% and for 2022 is 4.3%. In 2021, the recovery of economic activity and excess demand led to a sharp increase in oil prices, which averaged USD 70.3 per barrel in January-November, up sharply from 2020 (USD 43.4).

In Italy, GDP rose sharply in the third quarter (up 2.6%), continuing the rapid recovery in production that began in the second quarter and enabling a further reduction in the gap with pre-crisis levels. Domestic demand (net of inventories) and the net foreign component contributed positively (2.0% and 0.5%, respectively). The improvement in the Italian economy was widespread across all sectors, but particularly in services (up 3.4% year-on-year) compared with industry in the narrow sense and construction (0.8% and 0.6%, respectively). Among the services sectors, trade, transport, accommodation and catering grew the most (+8.6%)

A further positive sign is represented by the recovery of investments, which reflects both the continuation of the expansion phase in construction and further progress in plant, machinery and armaments. Alongside the decisive signs of recovery, however, there remain some structural difficulties that characterize the Italian economic system, linked to the composition of investments and the level of education of the employees, which could represent an obstacle to medium-term growth. The share of total investment in GDP grew substantially in 2021, reaching 19.3% in the third quarter, above the average for 2019, but remaining below that of major European countries, particularly for the component of investment in intellectual property, which includes research and development and software. Its impact on GDP was 3.0% in the third quarter, less than half that of France, 0.9% lower than Germany and 0.4% lower than Spain. In this scenario, the National Recovery and Resilience Plan (PNRR) can make a significant contribution, both by increasing the share of investment and by encouraging a re-composition in favour of intangible assets. In view of the full implementation of the programs contained in the PNRR, a still accommodating monetary policy and the absence of lockdown measures linked to the evolution of the pandemic, the GDP growth forecast for 2021 is +6.3%, driven in particular by domestic demand net of inventories (+6.0%), and to a lesser extent, by net foreign demand (+0.3%). The expansive phase of the Italian economy is expected to extend into 2022 with a significant increase in GDP (+4.7%) still sustained by the contribution of domestic demand net of inventories (4.4% percentage points) while net foreign demand would make a further positive contribution (0.3%); the contribution of inventories would remain zero.

The year 2022 unfortunately opened with the unleashing of a major conflict in Eastern Europe related to the Russian invasion of Ukraine. This process, with the consequent deterrent economic sanctions against Russia, has generated a scenario of great instability, characterized by inflation, a sharp rise in energy product prices and financial market volatility.

The Group

For a description of the structure of the Group and its member companies, please refer to the initial pages of this document illustrating all the relative details.

Significant events during 2021

For a detailed description of the main events of the year, please refer to as outlined in the introduction to this document.

GROW share performance in the course of 2021 and Investor Relations activities

Below is some data on the prices and volumes of the Growens stock (GROW) in 2021.

Placing price	Euro 1.92*	29/07/2014
Maximum price FY 2021	Euro 5.22	09/12/2021
Minimum price FY 2021	Euro 4.02	04/05/2021
Price at period-end	Euro 5.02	29/12/2021

* price adjusted as a result of the free capital increase of 11 April 2016.

After a final quarter of 2020 in which Growens' share price fell below Euro 5, the start of the year saw prices and volumes fall slightly.

During the first half of 2021, GROW remained substantially stable, around the Euro 4.40 mark, before gradually rising towards and above the Euro 5 mark during the second half of 2021.

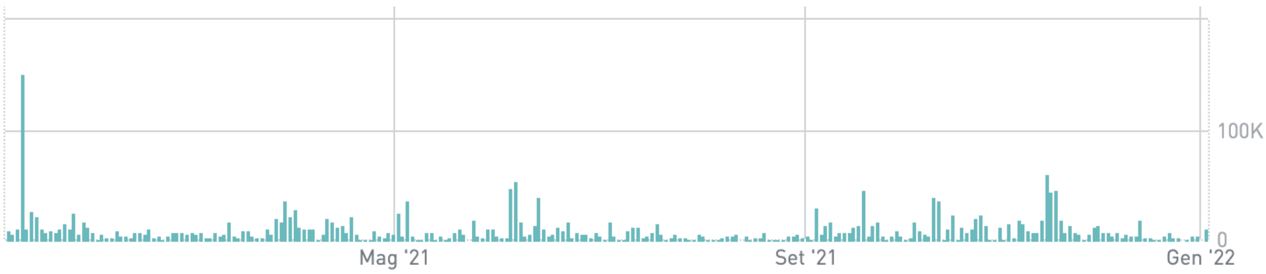
The maximum price recorded on 09 December 2021 at Euro 5.22 per share, equal to the maximum of the period, is about 20% higher than the first listing of the year (Euro 4.36 as of 04 January 2021).

As of 03 May 2021, following the change of name of the parent company from MailUp S.p.A. to Growens S.p.A., Borsa Italiana has ordered the change of the trading ticker. Therefore, the new ticker for Growens S.p.A. ordinary shares, ISIN code IT0005040354, is GROW.

Below is the monthly evolution of weighted average prices and average daily volumes:

Month	Weighted average price €	Average daily volume #
January 2021	4.64	18,747
February 2021	4.58	5,100
March 2021	4.39	10,262
April 2021	4.25	7,571
May 2021	4.26	7,830
June 2021	4.42	12,709
July 2021	4.47	5,374
August 2021	4.45	2,663
September 2021	4.48	10,310
October 2021	4.51	11,799
November 2021	4.79	15,188
December 2021	5.02	4,459

GROW.MI - trend in price January-December 2021 - Source www.borsaitaliana.it



GROW.MI - trend in volumes January-December 2021 - Source www.borsaitaliana.it

During 2021, volumes exceeded 40,000 units in six trading sessions, with a maximum recorded on 07 January 2021 (151,428 units). In general, the daily volumes traded during the period were on average more than 9 thousand units, less than the average 14.5 thousand units traded throughout 2020, but indicative of a high loyalty of the stock base in times of crisis that has affected the global financial markets.

The Company is very careful in handling Investor Relations activities, i.e., communications and financial information activities between the company and investors.

The Investor Relations Officer therefore meets the Company's external communication requirements and, by performing his activities, also in coordination with other company and group functions, aims to enhance the perception of Growens' business activities, strategies and future outlooks by financial operators, particularly professional, Italian and foreign institutional and qualified investors.

Investor Relations activities are based on Growens' reporting ecosystem, which encompasses a range of resources and working teams that work in close contact to guarantee accurate and timely reporting. The outputs of this system are the separate and consolidated annual financial statements, subject to a full audit by the independent auditing firm; the separate and consolidated half-year report, subject to a limited audit by the independent auditing firm; the disclosure of unaudited consolidated quarterly sales data; the unaudited quarterly reports; as of May 2020, the Sustainability Report.

Furthermore, it is responsible for compulsory price sensitive communications, as well as all communications intended to provide shareholders and the market with prompt information regarding the group, disclosed via press releases.

In the course of 2021, a total of 51 financial press releases were issued. All accounting and financial documentation and press releases generated by the Group are drafted and published in both Italian and English and made available on the website www.growens.io, which is also fully available in both languages on a voluntary basis.

The CEO and Investor Relator periodically participate in both individual and group presentations and meetings to present the Group and its performance. The updated presentations are published on the website. For example, in 2021, the Group participated in more than 38 plenary (conferences) and individual (investor day) meetings held mostly in virtual mode, meeting 127 current and potential investors.
Every month, investors who have requested it receive a newsletter providing the main financial news.
The Group also receives assistance from four corporate brokers, who generate independent research and support the company in its financial sales and marketing activities, helping to spread its equity story and generate contacts with current and potential investors. Equity research reports, all drafted in English, are available on the website in the section www.growens.io/en/analyst-coverage/.
In 2021, 27 equity research reports were published.

Growth in demand and trends of the markets on which the Group operates

The Marketing Technology (MarTech) Market

MarTech is an ecosystem of cloud solutions and technological applications aimed at supporting companies in the development of their digital marketing strategies. This ecosystem, to which the Growens Group business is related, is growing very rapidly and is populated both by medium-small players, focused on specific niches or segments, and by large companies that cover a wide range of customer service requests.

MarTech overview: ample, complex, fragmented and segmented

In the last decade, technology and traditional off-line marketing have found a fertile common ground of development and contamination that has led to the proliferation of cloud strategies, solutions and tools that make up the ecosystem of MarTech. In recent years, the growth of the ecosystem has been exponential, going from about 150 application solutions in 2011 to 8,000 in 2020, while the overall estimate of worldwide spending on marketing technology has reached USD 121.5 billion, essentially doubling its amount in the last two years in the most advanced markets such as the United States and the UK (source: chiefmartech.com).

In the extremely complex and fragmented context of the MarTech market it is possible to identify 6 main sub-segments:

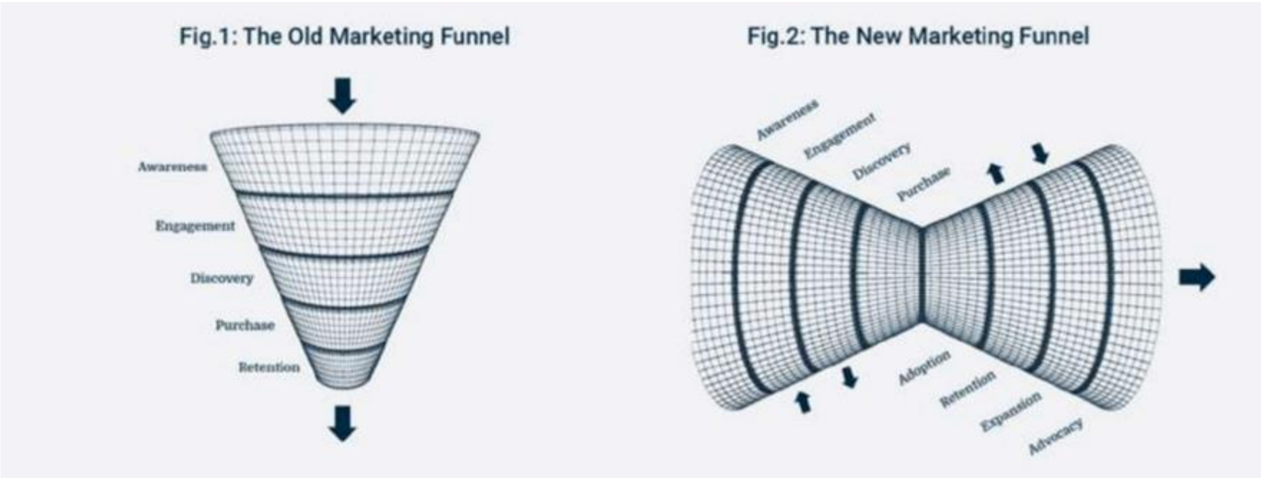
- Advertising & Promotion (mobile marketing, social and video advertising, PR);
- Content & Experience (mobile apps, e-mail and content marketing, personalization, SEO, marketing automation and lead management, CMS);
- Social & Relationship (events, meetings & webinars, social media marketing, influencers, CRM);
- Commerce & Sales (retail & proximity marketing, sales automation, e-commerce platforms and marketing);
- Data (data marketing, mobile & web analytics, customer data platforms, predictive analytics, business and customer intelligence);
- Management (talent management, product management, budgeting & finance, agile and lean management, vendor analysis).

Multi-channelling is increasingly becoming a fundamental need for digital marketing professionals constantly looking for strategies able to combine different communication channels that allow utmost customization of the experience according to the needs of the user. That said, despite the growing popularity of social media and alternative channels of communication related mainly to instant messaging, e-mail and SMS remain among the most popular and effective tools among the different solutions available as well as their combined use.

The main technological trends that are currently affecting MarTech are aimed at exploiting the potentials deriving from the collection and processing of Big Data, internal and external, through Artificial Intelligence (AI), while, from the side of the market structure, large-scale concentration phenomena deriving from intense Merger & Acquisition activity are expected.

Customers generate a large amount of data and information in the course of their purchasing experiences that represent a valuable asset which, if properly exploited, can lead to much more targeted and effective campaigns, and ultimately an increase in sales. In order to manage large amounts of data, it is increasingly strategic to rely on the automation of flows and, in the future, on tools based on AI. The use of AI will significantly increase the effectiveness of decision making and machine learning processes, allowing the extraction of increasingly significant indicators, optimizing the customization of marketing campaigns and providing customized scalable solutions.

Thanks to the increasing possibilities to monitor the behavioural models of online customers, the focus is no longer just that of converting a customer from potential to effective, as in traditional marketing, but that of maximizing the value of customers beyond the sales and customer retention phase. Through customer expansion and advocacy, the goal is to bring the customer closer to the company and, thanks to AI and machine learning, to provide a one-to-one experience to the customer, who thus receives personalized content.



Source: Market Campaign, 2018 E-mail Marketing, Value Track Analysis

Segment of reference of the Growens Group: E-mail Marketing, Mobile Marketing, Marketing Automation

The most appropriate segments for the Growens Group within the MarTech ecosystem are the following:

1. **E-mail Marketing Segment**: e-mails represent one of the most popular tools to convey digital marketing campaigns, being in fact particularly cost-effective and allowing to achieve high conversion rates in the various stages of the customer acquisition funnel. Technological evolution has also made it possible to enrich its design and improve its functionality. Despite competition from other communication tools (instant messaging

platforms, chat, social networks) e-mail is absolutely central to digital marketing strategies, especially in B2B relationships between companies. It is also the communication channel preferred by companies to send personal messages, especially those of greater importance; hence the fact that it remains the most popular way to get in touch with companies. Even with increasingly sophisticated and advanced chatbots, communicating with a person is still widely preferred, particularly through the use of e-mail. The number of users is expected to increase from 3.9 billion in 2019 to 4.3 in 2023, while 293.6 billion e-mails were sent and received in 2019 alone, a number that is expected to stand at 347.3 billion in 2022. (source: Arrowhead equity research of 14/12/2021 https://www.growens.io/wp-content/uploads/2021/12/Growens-ABID-Report-14Dec21).
The e-mail channel remains undoubtedly strategic in digital marketing, even in the future, as demonstrated by the rapid growth in the number of new solutions that aim to optimize the e-mail channel in the MarTech sector.

2. **Mobile Marketing/ Text Messaging segment:** includes SMS messages which, despite the almost daily proliferation of new technologies in the world of smartphones, remain one of the most effective methods of communication in the case of time-sensitive information such as passwords and single-use codes for specific operations (OTP and transactional messages in general), real-time updates, alert and emergency messages (e.g. weather, health situation) - emblematic in this sense is the frequent use by public authorities - or simply special offers of limited duration, as they have the highest percentage of opening combined with a high effectiveness in determining a reaction from the recipient. For this reason, despite the undeniable popularity of alternative messaging channels such as Whatsapp, SMS will maintain a key role in business communication for specific uses, related for example to the continuous growth of online shopping, to the increasingly frequent use of multiple authentication methods (e.g. 2 Factor Authentication) in banking or cloud-based and mobile applications. The SMS market is estimated to grow from approximately USD 4.1 billion in 2019 to USD 17.8 billion in 2027. (source: Arrowhead equity research of 14/12/2021 https://www.growens.io/wp-content/uploads/2021/12/Growens-ABID-Report-14Dec21).

3. **Marketing Automation Segment:** it refers to complex software solutions that allow the workflow management of sophisticated marketing campaigns. The workflow is defined by a sequence of actions that are activated when a particular event occurs. Basic workflows include, for example, welcome e-mails that are sent when an online registration form is completed. In addition, text messages can be sent to reach a potential customer’s mobile device. An immediate benefit of Marketing Automation is the saving of time for users in planning customer acquisition strategies, with the consequent improvement in efficiency in economic terms. The global marketing automation market was valued at USD 4.1 billion

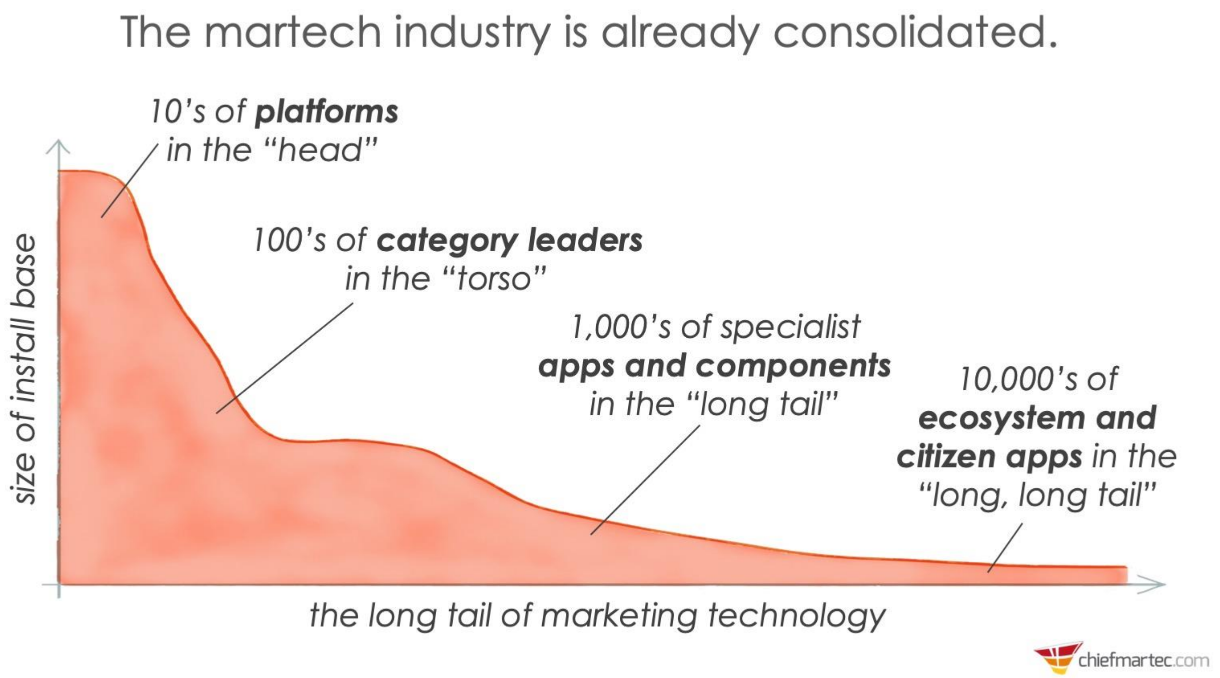
in 2019 with forecast to more than double in growth by 2027 to approximately USD 8.7 billion with a CAGR of 9.8% from 2020-2027.
(source: www.grandviewresearch.com/industry-analysis/marketing-automation-software-market)

Competitors' behaviour

Competitive structure of MarTech: technological niches vs. large integrated players

In such a large, complex and interconnected market, companies must necessarily specialize in a niche or aggregate / include in their offer the most ample and most varied portfolio of alternative solutions. For this reason, from start-ups and micro / small companies to large software multinationals such as Adobe, IBM, Oracle, Salesforce and SAP coexist in the MarTech ecosystem.

As evidenced by the chart below, within MarTech a dozen, at most two, very large players can be identified that dominate in terms of market share. Alongside them are several hundred established category leaders focused on developing specific functionality, with revenues ranging from several tens of millions to several hundred million dollars. The "long tail of MarTech" then includes thousands of other players, from simple start-ups to specialists, of smaller and smaller sizes, some of which will be destined to undermine the positions of the category leaders in the future.



source: chiefmartech.com

The smaller operators are developed and sized by their founders to operate within a specific market niche, while the large players are structured to manage multiple and diversified segments at the same time. This is possible since marketing technologies are basically based on cloud applications, such as the MailUp platform, which can be accessed in stand-alone mode or can be incorporated as part of more complex platforms.

In order to facilitate access to this market, most players have in fact allocated significant resources to the development of integrations of their marketing technology platform, through plug-and-play applications, for example with the main CRM systems and the most widespread marketing automation platforms. The iPaaS (integration-Platform-as-a-Service) platforms have also significantly increased accordingly, leading to an increase in the overall level of integration between the various marketing technologies. This process has become an advantage for marketers who have thus been able to choose the best product available without necessarily being tied to a single supplier.

The table below shows a breakdown of some competitors by business unit:

	MailUp / Acumbamail	Agile Telecom	Datatrics	BEE
Italy	contactlab, MagNews	kaleyra, sms it, Commify	ADABRA, Neosperience	BEE PRO (FOR EMAIL DESIGNERS) EDMdesigner, TAXI, FOLEON, StampReady, Stamplia, stripo, stensul, chamaileon
Europe	dotdigital, sendinblue, mapp, Splio	link mobility, tyntec, SAP, Mitto, sinch, bics	raptor, blueconic, CLERK.IO, selligent, optimove, agillic, mapp	
Other	Latin America icommkt, emBlue Rest of the World ActiveCampaign, Twilio SendGrid, mailchimp, KLAVIYO, Campaign Monitor	infobip, nexmo, Wavecell, Clickatell	Bluecore, Barilliance, DYNAMIC YIELD, evergage, SharpSpring, emarsys, mparticle, Adobe, TEALIUM	BEE PLUGIN (FOR DEVELOPERS) EDMdesigner, unlayer, stripo

Table for illustrative purposes only, the logos remain the property of their respective owners.

Market consolidation: the probable scenario in the immediate future

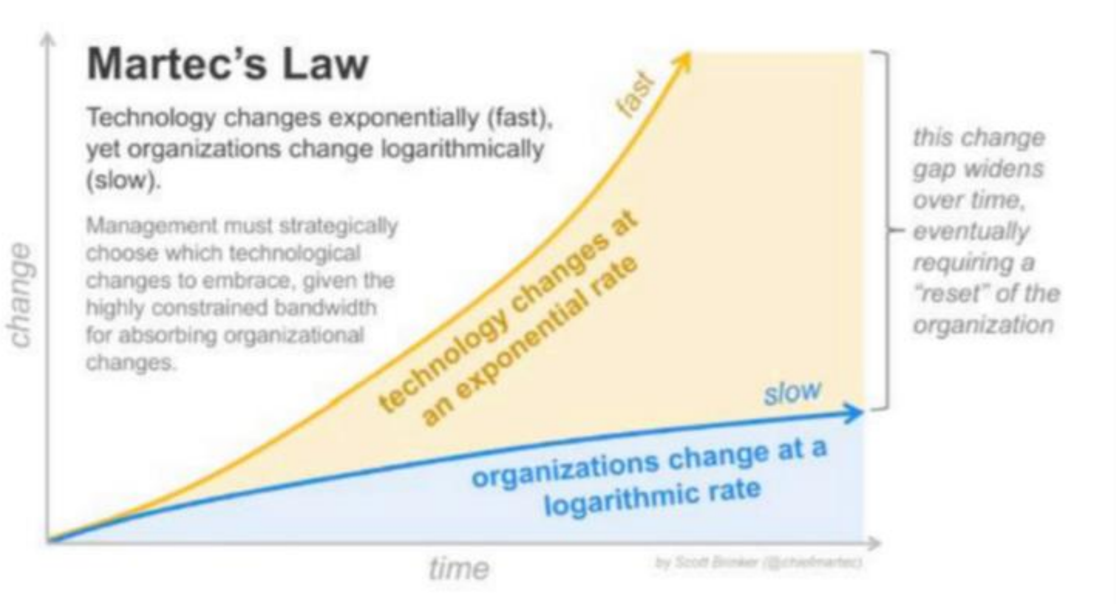
MarTech is a market that is still in full evolution, as demonstrated by the very high number of operators present. The phenomena of concentration and aggregation through M&A

operations are very frequent and of increasing importance. The number of incoming companies is still higher than those outgoing and this can mean prospective growth, but also increasingly complex challenges for the players already present.

Given the numerous new solutions recently launched in the field of marketing technologies, only a very small number of innovative SaaS players has managed to survive and it is expected that about half of them will be acquired by large operators always looking for opportunities to expand their technological offer.

By virtue of this trend, the phenomena of concentration and aggregation through M&A operations are frequent and of increasing importance. Therefore, there are strong expectations that the expansion in the number of participants will slow down, sooner or later, in favour of a scenario of player concentration resulting from a series of acquisitions and mergers. This trend is already underway and observable if we consider the cloud market as a whole.

The timing and magnitude of this market concentration will depend on the combined effect and the interaction of some opposing factors. The growth of the market, which in turn depends on various financial, technical and economic sub-factors, and the sustainability of the business, i.e. the high survival capacity of the operators, linked for example to the significant costs of switching to a replacement service perceived by users, especially in the presence of a consolidated user experience, are strongly attractive factors for new potential entries. Limits to individual growth, for which even software giants, due to the presence of niches in which small operators can specialize, cannot completely dominate the ecosystem, and the push to exit, for example the risks associated with the highly competitive climate or the unexpected emergence of new technologies capable of drastically revolutionizing the technological environment, represent a deterrent to entry or a stimulus to exit for operators in difficulty. We must also consider how the impact of organizational dynamics with respect to the speed of technological innovation in the market can affect the strategic choices of the players of the MarTech ecosystem, as summarized by the following graph:



Source: Chiefmartec, Value Track Analysis

The most recent market sentiment presages that, over the next years, the MarTech sector will be affected by the fastest evolution ever, driven by the increasing demand for real-time communication from users and the increasingly intensive and widespread use of Big Data. To this end, marketers continue to search for new tools and applications that, thanks to artificial intelligence and machine learning processes, are able to guarantee consumers a one-to-one communication experience, able to identify which contents to address to the individual recipient and when. The Growens Group will have to be ready to take up this challenge and exploit the relative opportunities and always be reactive and innovative as it has been in the recent past.

Growens, thanks to its Software-as-a-Service (SaaS) platform, MailUp, multichannel, cloud-based and equipped with marketing automation tools, is the Italian leader in e-mail and SMS and ranks among the first operators in the sector at European level. In 2021, the MailUp platform sent about 17 billion e-mails among newsletters, DEM and transactional messages. Agile Telecom has sent over 2 billion SMS.

Datatrics, on the other hand, operates in the actionable Customer Data Platform market, differentiating itself for the availability of omni-channel marketing orchestration functions and for the use of machine learning algorithms (artificial intelligence) to simplify and make more effective the marketing automation activities that traditionally required marketing managers to design ad hoc campaigns for each customer segment. In a market with very liquid borders where different solutions can be interconnected, it is difficult to identify competitors with precision, in any case traditional marketing automation sees hundreds of operators in the world, while at present, there are about 100 customer data platform systems on a global scale and a few dozen Personalization systems, if we also include those that do not use machine learning algorithms. Complete CDP systems with omni-channel orchestration and marketing automation based on artificial intelligence technologies see a few dozen operators in the world.

BEE market should be distinguished in the two products in the portfolio to date: BEE Pro is intended for e-mail and landing page designers, an area where there are a few dozen alternatives available on the market, often small start-ups. BEE Plugin is the market leader, where there are only 3/4 alternatives that cannot guarantee the adoption and reliability that this type of system requires. BEE Plugin is a technology that is incorporated into third-party software applications, enriching their functionality. The issue of reliability and security of the system is therefore key, and in this BEE Plugin, unlike all competitors, can count on a number of significant references both in terms of numbers (more than 600 customers that have already incorporated the solution into their software) and in terms of quality, boasting prestigious customers and mainly located in Silicon Valley, that is in the homeland of software in the cloud.

Below is a summary of the main industry trends, as identified by Value Track, with the relative positioning of the Group's offer:

MarTech: Main trends of 2019 and MailUp positioning

	Which are the main goals for marketers?	How can MarTech provider help marketers achieve their main goals?	MailUp Group offer
1	**Increasing their return** on marketing investments by improving conversion rates and reducing cost per contact	1) Offering solutions based on **advanced enabling technologies** (e.g. Editors, Customer Data Platforms – CDP, Demand Side Platforms – DSP, Advertising Retargeting Platforms) in order to deliver a **hyper-personalized experience** to customers	✓✓ CDP - Datatrics ✓✓ Email editor - BEE ✗ DSP / AdTech – "Work in progress"
		2) Integrating **more and more channels / media** i.e. email, SMS, Social Networks, Instant Messaging and developing **Marketing Automation features** in order to reach customers on every possible media used	✓✓ ESP – MailUp, Acumbamail ✓✓ SMS - Agile Telecom ✓✓ IM - MailUp (Instant Messaging Apps)
2	**Not getting crazy** with all new solutions available on the market	Integrating their products / tools in a homogenous MarTech suite or **offering more and more professional services** to allow marketers build their own "stack" by cherry picking tools / solutions from different providers	✓✗ Professional consulting services – MailUp, Globase
3	**Being compliant** with regulation	Offering solutions aimed at **moving from DMP** (Data Management Platforms) based only on 3rd party data **to CDP** developed in line with GDPR	✓✓ Compliant with GDPR
4	Granting to actual and prospect clients **a safe and secure digital experience**	Delivering **two-factor authentication (2FA) / One-time password (OTP)** via app, SMS or by a physical security key (token)	✓✓ SMS – Agile Telecom ✗ 3rd party apps ✗ App - based push notification

Source: Value Track Analysis

Social, political and union climate

The social climate within the Group is positive and based on full cooperation. As previously pointed out, the Group has chosen to extend, already as from the end of February 2020, the already operational agile working method to protect the health and safety of its employees and collaborators. This measure has not caused any problems from the operational and social climate point of view mentioned above.

Operating performance in Group sectors

It is noted that starting from the first half of 2021, the consolidated income statement reports include details of revenues broken down by the two main business lines, i.e. SaaS and CPaaS, rather than by product line (e-mail, SMS, Predictive Marketing), in order to (i) provide a better representation of the respective operating logics, which are homogeneous within them in terms of type of business model, go-to-market, KPIs (Key Performance Indicators) and financial parameters; (ii) provide information that better reflects the Group's management logic and strategic decisions; (iii) simplify reporting with a view to greater comprehensibility and comparability with international standards.

The SaaS (Software-as-a-Service) line includes services provided to customers through platforms accessible in the cloud, used on the basis of multi-period contracts, mainly with recurring fees/subscriptions. At the Business Unit level, it combines revenues from the MailUp platform marketed by Growens, from the BEE editor, and from the subsidiaries Acumbamail and Datatrics. The CPaaS (Communication-Platform-as-a-Service) line covers all messaging services provided on a wholesale basis via API, in particular provided by Agile Telecom.

It should also be noted that, in order to provide an economic representation more in line with the current business situation and an easier comparison of the dynamics of costs related to human resources of the COGS, S&M, R&D and G&A macro-areas, the previous location of some departments adopted in the comparison period ended on 31 December 2020 has been aligned with the current organizational structure and consequently the distribution of payroll costs, retrospectively updating the same data.

The income statement for 2021 reports total consolidated revenues of more than Euro 71.2 million, marking an increase of around Euro 6 million i.e. more than 9% in relative terms on the previous year. This result is also driven by growth of more than 10% in both the SaaS component, accounting for around 37% of total revenues, and the CPaaS line, accounting for around 62% of total revenues. The trend in Other revenues shows a decreasing trend deriving from a reduction in non-repayable grants and the absence of some contingent assets recorded in 2020.

The Agile Telecom Business Unit produced the highest turnover in absolute value, amounting to approximately Euro 47.5 million, with a growth of 10.4%. Figures for the second half of 2021 show excellent signs of recovery in SMS data traffic, resulting from the reopening of economic activities after lockdown, particularly in Italy, and discounting the positive contributions of the latter part of the year, with major marketing events such as Black Friday and the holiday season. In November, Agile Telecom recorded the highest-ever historical revenue. In addition, the threshold of 200 million SMS messages processed in a single month was exceeded for the first time, and on the day before Black Friday alone around 15 million SMS messages were correctly processed (vs. the previous historical single-day record of around 12 million SMS).

The Business Unit that achieved the highest growth rate is BEE Content Design INC, with an increase of more than 47.8% net of the USD/Euro exchange rate effect, reaching approximately Euro 5.6 million/USD 6.6 million in revenues, thanks to the increase in sales volumes. ARR (Annual Recurring Revenue, which is a very widespread metric for measuring the performance of a subscription business, indicative of the average annualized recurring value of outstanding contracts) is USD 7.3 million as at December 2021.

This is followed by the excellent performances of Acumbamail (up 34%), while Growens, in relation to the revenues of the MailUp Business Unit, recorded a modest increase of around 2%, which was impacted by the effects of the crisis in Italy in 2020, reflected in some cancellations of recurring contracts during the previous year, which will be recovered thanks to the product-led growth strategy and the development of the indirect channel abroad.

The Datatrics Business Unit, active in Predictive Marketing with a proprietary Customer Data Platform, generated a negative change in business revenues of 5.9%. Restructuring actions implemented since 2020 have resulted in an improvement in lead generation and subsequent customer pipeline. Equally positive effects are expected from the launch of the freemium version of the platform in January 2022.

Revenue generated abroad accounted for 54% (+11.5% compared to 2020) of the total, while recurring revenue stood at 30% (+19% compared to 2020).

Consolidated EBITDA amounts to approximately Euro 5.2 million, up 2% on 2020, and represents approximately 7.3% of total revenues. Despite the effects of the months of lockdown, Gross Profit continued to grow by nearly one percentage point on sales (from 32.7% to 33.4%) with an increase (+11.5%) that is more than in line with that of revenues, confirming that the optimizations and cost savings implemented are continuing to produce the desired effects. On the top line, however, margins were affected by the economic slowdown resulting from the global health emergency linked to the spread of Covid-19, still evident in the first half of 2021, particularly in terms of a slowdown in the acquisition of new medium/large customers and a delay or cancellation of investments by customers in specific sectors particularly hit by the crisis, such as Travel, Retail and Hospitality. On the cost side, the Group has chosen not to suspend or postpone its planned strategic projects; as a result, the impact of cost items such as Sales & Marketing (up by over 14%) and R&D (+10% on total R&D expenditure, which grew by about 23% in the year), where the largest investments are being made, is particularly significant. However, these items have normalized, with increases tending to be in line with the growth rate of sales. Both Gross Profit and EBITDA margin were positively impacted by the general double-digit growth in EBITDA margins of Agile Telecom (+57.2%) in line with the development strategy, and Acumbamail (+52.6%) and by the reduction of Datatrics' operating loss by over 40%, a sign of the effectiveness of the measures undertaken and described above.

Profit before tax (EBT) for the period was over Euro 1 million, down 9.9% compared to the same period in 2020, with an incidence of 1.6% on revenues, after depreciation, amortization and write-downs of Euro 4 million, up 9.7%. Depreciation and amortization related to the application of IFRS 16 amounted to Euro 1.2 million, up YoY by 8.4%. It is also worth noting the partial write-down of goodwill relating to the investment in Globase for Euro 150 thousand, following the impairment procedure.

Consolidated net profit, after the estimate of current and deferred taxes for the period, is equal to Euro 0.4 million, down (-34.8%) compared to the end of the previous year, due to the above, as well as tax provisions, always bearing in mind that the representation of taxation at consolidated level is the result of a mere aggregation, since taxation is applied to the individual legal entities of the Group on the basis of specific national regulations.

The Consolidated Net Financial Position at 31 December 2021 showed a negative amount (cash) of Euro 6.5 million, a significant improvement compared to the balance (also negative) of Euro 2.5 million at 31 December 2020. The effect of the adoption of IFRS 16, relating to rental, leasing and hire costs, results in an imputed debt item of approximately Euro 3.3 million. Cash and cash equivalents as of 31 December 2021 are higher than Euro 13.3 million (+35% YoY), thanks in particular to the positive dynamics on some tax receivables, on the business of Agile Telecom and Acumbamail, and finally to the collection of some non-refundable grants accrued in previous years.

As far as the Parent Company is concerned, the 2021 results confirm the historic positive trend in revenue growth (+10.6%), which amounted to over Euro 23.1 million.

The EBITDA margin, down 32.3% to around Euro 2.7 million, was affected by the growing incidence of Sales & Marketing and Research & Development expenses on the MailUp platform. Financial operations remained positive due to the dividends from the subsidiaries Agile Telecom and Acumbamail.

As a result of the above, the net profit for the year, amounting to Euro 368 thousand, decreased by 49.8% compared to the previous year due to the dynamics already highlighted in the comments on the consolidated results.

The Growens Net Financial Position is negative (cash) by around Euro 1.2 million, a significant improvement on the previous year, due to the effect of changes in financial liabilities deriving from the application of IFRS 16, which reflects the amount of instalments on rent and leasing contracts settled during the year, and loans to support the incremental development costs of the MailUp platform, as well as the receipt of grants on projects already completed.

Alternative performance indicators

These financial statements present and outline some economic-financial indicators and some reclassified financial statements (relating to the economic, equity and financial situation) not defined by the IFRS. These figures, defined below, are used to comment on the performance of the business in compliance with Consob Communication of 28 July 2006 (DEM 6064293) and subsequent amendments and additions (Consob Communication no. 0092543 of 03 December 2015, which incorporates the ESMA/2015/1415 Guidelines). The alternative performance indicators listed below should be used as an informative supplement to the provisions of the IFRS to assist users of the Report on Operations in a better understanding of the Group's economic, equity and financial performance. It is emphasized that the method of calculating these corrective measures used has been consistent over the years. It is also noted that it may differ from the methods used by other companies.

• Financial indicators used to measure the Group's economic performance

EBITDA: given by the operating result gross of depreciation and amortization of tangible and intangible assets.
ROE (return on equity): defined as the ratio between net income for the period and net capital.
ROI (return on investment): defined as the ratio between the operating result for the period and fixed assets at the end of the period (see the definition of fixed assets shown below).
ROS (return on sales): defined as the ratio between the operating result and net sales for the period.

• Reclassified Balance Sheet

The items included in the reclassified statement of financial position are defined below as the algebraic sum of specific items contained in the consolidated financial statements:

Fixed assets or assets: the algebraic sum of:
- Net tangible assets
- Goodwill and trademarks
- Intangible assets with definite life
- Non-current assets held for sale
- Equity investments in associates

Commercial working capital: given by the algebraic sum of:
- Trade receivables
- Trade payables

Net working capital: given by the algebraic sum of:
- Commercial working capital
- Receivables for deferred tax assets and current taxes
- Other current receivables
- Payables for deferred and current taxes
- Other current payables
- Accruals and deferrals

Net invested capital: given by the algebraic sum of:
- Net working capital
- Provisions for risks and charges
- Employee severance indemnity (TFR) and other employee benefits
- Fixed assets

Net financial position (NFP): given by the algebraic sum of:
- Liquid funds and equivalent
- Current and non-current amounts due to banks
- Other financial payables.

Main economic figures of the Growens Group

The table below summarizes the consolidated results as at 31/12/2021 compared with the previous period in terms of total revenues, EBITDA and pre-tax result (EBT).

	31/12/2020	31/12/2021
Total revenues	65,233,588	71,236,961
EBITDA	5,088,705	5,201,344
Pre-tax result (EBT)	1,201,146	1,082,377

Group revenues for the year were up more than 9% compared to the same period of 2020, with an increase of more than 10% for business revenues that exceed the threshold of Euro 70 million, while EBITDA improved by more than 2% compared to the 2020 comparison figure (plus Euro 113 thousand). Consolidated EBT, on the other hand, was penalized by higher amortization and depreciation, particularly on investments in research and development, resulting from the Group’s constant commitment to improving the technological content and innovation of its core services. For further information on the economic dynamics in the period, please refer to the previous section “Operating performance in Group sectors” and the details contained in the Notes, which are an integral part of these financial statements.

The consolidated income statement has undergone the following changes with respect to that of the previous year (amounts in Euro):

	31/12/2021	%	31/12/2020	%	Change	Ch. %
SaaS Revenues	26,089,735	36.6%	23,673,265	36.3%	2,416,470	10.2%
CPaaS Revenues	44,070,048	61.9%	40,028,068	61.4%	4,041,980	10.1%
Other Revenues	1,077,179	1.5%	1,532,255	2.3%	(455,076)	(29.7%)
Total Revenues	**71,236,961**	**100.0 %**	**65,233,588**	**100.0%**	**6,003,372**	**9.2%**
Cost of Goods Sold	47,436,618	66.6%	43,879,717	67.3%	3,556,901	8.1%
Gross Profit	**23,800,343**	**33.4%**	**21,353,872**	**32.7%**	**2,446,472**	**11.5%**
Sales & Marketing costs	7,323,997	10.3%	6,402,060	9.8%	921,938	14.4%
Research & Development Opex	3,175,065	4.5%	2,881,405	4.4%	293,661	10.2%
Research & Development Capex	*(2,661,338)*	*(3.7%)*	*(1,868,113)*	*(2.9%)*	*(793,225)*	*42.5%*
Research & Development costs	*5,836,403*	*8.2%*	*4,749,518*	*7.3%*	*1,086,886*	*22.9%*
General & Admin Costs	8,099,937	11.4%	6,981,703	10.7%	1,118,234	16.0%
Total Costs	**18,599,000**	**26.1%**	**16,265,167**	**24.9%**	**2,333,833**	**14.3%**
Ebitda	**5,201,344**	**7.3%**	**5,088,705**	**7.8%**	**112,639**	**2.2%**
General Depreciation Costs	344,028	0.5%	433,251	0.7%	(89,223)	(20.6%)
Right of Use Amortization Costs	1,188,778	1.7%	1,096,314	1.7%	92,464	8.4%
R&D Amortization Costs	2,385,842	3.3%	2,024,675	3.1%	361,166	17.8%
Amortization & Depreciation	150,666	0.2%	154,510	0.2%	(3,844)	(2.5%)
Amortization & Depreciation	**4,069,313**	**5.7%**	**3,708,750**	**5.7%**	**360,563**	**9.7%**
Ebit	**1,132,031**	**1.6%**	**1,379,955**	***2.1%***	**(247,924)**	**(18.0%)**
Net financial income/(charges)	(49,653)	(0.1%)	(178,809)	(0.3%)	129,155	(72.2%)
Ebt	**1,082,377**	**1.5%**	**1,201,146**	**1.8%**	**(118,769)**	**(9.9%)**
Current Income Taxes	(848,723)	(1.2%)	(565,811)	(0.9%)	(282,912)	50.0%
Deferred Taxes	134,955	0.2%	(70,407)	(0.1%)	205,362	(291.7%)
Net Profit (Loss)	**368,608**	**0.5%**	**564,927**	**0.9%**	**(196,319)**	**(34.8%)**

The following table showing some Group profitability indexes, compared with the same indexes relating to the previous period, provides a better illustration of the income situation.

	31/12/2020	31/12/2021
Net ROE (Net result/Net capital)	0.03	0.02
Gross ROE (EBT/Net capital)	0.08	0.06
ROI (EBITDA/Invested capital)	0.07	0.08
ROS (EBITDA/Sales revenues)	0.08	0.07

All the indicators that express the Group's earnings performance are in line with the previous year and, where there was a slight decrease, this is evidence of the considerable organizational and technological investment made during the year.

Main equity figures of the Growens Group

The Group's reclassified balance sheet, as compared with that of the previous year, is as follows (in Euro):

	31/12/2021	31/12/2020	Change	Ch. %
Intangible fixed assets	6,934,260	5,188,299	1,745,961	33.7%
Goodwill	15,326,343	16,477,023	(1,150,680)	(7.0%)
Tangible fixed assets	1,451,491	1,700,842	(249,351)	(14.7%)
Rights of Use (IFRS 16)	3,168,182	3,701,056	(532,874)	(14.4%)
Financial fixed assets	200,985	223,748	(22,764)	(10.2%)
Fixed Assets	**27,081,261**	**27,290,970**	**(209,709)**	**(0.8%)**
Receivables from customers	12,465,270	10,354,302	2,110,968	20.4%
Payables to supplier	(14,188,380)	(11,795,918)	(2,392,463)	20.3%
Payables to associated companies	(2,000)	(31,220)	29,220	(93.6%)
Commercial Trade Working Capital	**(1,725,110)**	**(1,472,835)**	**(252,275)**	**17.1%**
Tax receivables and payables	290,878	2,420,896	(2,130,017)	(88.0%)
Accruals and deferrals	(7,845,047)	(7,405,599)	(439,448)	5.9%
Other receivables and payables	(3,589,466)	(3,449,879)	(139,587)	4.0%
Net Working Capital	**(12,868,744)**	**(9,907,417)**	**(2,961,327)**	**29.9%**
Provisions for risks and charges	(936,801)	(630,970)	(305,831)	48.5%
Provisions for severance and pension	(2,265,831)	(1,983,682)	(282,149)	14.2%
Net Capital Invested	**11,009,885**	**14,768,900**	**(3,759,016)**	**(25.5%)**
Share capital	374,276	374,276	0	0.0%
Reserves	16,775,315	16,343,604	431,711	2.6%
Profit (Loss) for the period	387,098	564,927	(177,830)	(31.5%)
Minority shareholder's equity	(6,086)	0	(6,086)	100.0%
Net Equity	**17,530,603**	**17,282,807**	**247,796**	**1.4%**
Cash	(13,324,983)	(9,866,364)	(3,458,619)	35.1%
Short-term debt	1,234,624	985,500	249,123	25.3%
Financial liabilities right of use (short term)	998,388	1,029,099	(30,711)	(3.0%)
AFS Financial Assets	0	(195)	195	(100.0%)
Medium/long-term debt	2,270,862	2,641,533	(370,672)	(14.0%)
Financial liabilities right of use (medium/long term)	2,300,390	2,696,519	(396,129)	(14.7%)
Net financial position	**(6,520,719)**	**(2,513,907)**	**(4,006,812)**	**159.4%**
Total sources	**11,009,885**	**14,768,900**	**(3,759,016)**	**(25.5%)**

In order to provide a better description of the Group's equity solidity, the table below shows a few equity indexes relating to both the method of financing medium/long-term commitments and the breakdown of the sources of finance, compared with the same balance sheet indicators for the previous year.

	31/12/2020	31/12/2021
Primary structure margin (Own funds - Fixed assets)	(11,946,750)	(12,287,631)
Primary structure ratio (Own funds/Fixed assets)	0.59	0.59
Secondary structure margin ((Own funds + Consolidated liabilities) - Fixed assets)	(252,365)	(1,306,676)
Secondary structure ratio ((Own funds + Consolidated liabilities)/Fixed assets)	0.99	0.96

The Group's equity indexes show a balanced situation, albeit slightly worse than the previous year, with investment continuing at a steady pace as loans are repaid in accordance with scheduled amortization schedules, which are not replaced to the same extent by new external financing.

Main financial figures of the Growens Group

The consolidated net financial position as at 31 December 2021 is as follows (in Euro):

Consolidated Net Finacial Position	31/12/2021	31/12/2020	Change	Ch. %
A. Cash	13,324,983	9,866,364	3,458,619	35.1 %
B. Cash equivalents				
C. Other current financial assets		195	(195)	(100.0%)
D. Cash and cash equivalents (A) + (B) + (C)	**13,324,983**	**9,866,559**	**3,458,424**	**35.1 %**
E Financial debt	1,164,171	1,098,499	65,672	6.0 %
F. Current financial debt	1,068,841	916,100	152,741	16.7 %
G. Current financial position (E) + (F)	**2,233,012**	**2,014,599**	**218,413**	**10.8 %**
H. Net short term financial position (G) - (D)	**(11,091,971)**	**(7,851,959)**	**(3,240,011)**	**41.3 %**
I. Due to banks medium/long term	4,571,252	5,338,052	(766,800)	(14.4%)
J. Bonds issued				
K. Other financial liabilities medium/long term				
L. Non current financial position (I) + (J) + (K)	**4,571,252**	**5,338,052**	**(766,800)**	**(14.4%)**
M. Net financial position (H) + (L)	**(6,520,719)**	**(2,513,907)**	**(4,006,812)**	**159.4 %**
o/w H. Current financial liabilities Rights of Use IFRS 16	998,388	1,029,099	(30,711)	(3.0%)
o/w M. Non current financial liabilities Rights of Use IFRS 16	2,300,390	2,696,519	(396,129)	(14.7%)
O. Net financial position without IFRS 16 effect	**(9,819,497)**	**(6,239,525)**	**(3,579,972)**	**57.4 %**

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The Net Financial Position is still positive and has grown considerably compared with the previous period, with an increase in cash of around Euro 3.5 million and an overall improvement of over Euro 4 million. In addition to the positive effect deriving from the operating results of Agile Telecom and Acumbamail in particular, also worth highlighting is the very favourable management of tax credits linked to Agile Telecom VAT credit for the years 2019 and 2020 and the financial optimization deriving from the adoption of Group VAT, which has allowed and will allow in the future to minimize the timing of the collection of VAT credits also from Agile, which will be paid directly by the parent company.

The following table showing some liquidity indexes, compared with the same indexes relating to the previous year, provides a better illustration of the consolidated financial position.

	31/12/2020	31/12/2021
Primary liquidity (Immediate and deferred liq./ Current liabilities)	0.94	0.90
Secondary liquidity (Current assets/Current liabilities)	0.99	0.96
Debt (Net debt/Shareholders' equity)	(0.15)	(0.37)
Fixed asset coverage ratio ((Own capital + Consolidated liabilities)/Fixed assets)	0.97	0.94

The very positive dynamics of the NFP, and in particular of cash, has already been highlighted earlier. This is confirmed by the negative sign of the debt ratio. Otherwise, the other indexes remain absolutely normal. The Group does not resort to external financial leverage to support operations, but has only resorted to it to support strategic investments.

Main economic figures for Growens

The table below summarises the main results of the parent company compared with that of the previous period in terms of total revenues, EBITDA and pre-tax result (EBT).

	31/12/2020	31/12/2021
Total revenues	20,930,460	23,144,435
EBITDA	3,899,300	2,639,847
Pre-tax result (EBT)	2,101,689	1,150,323

The separate Income Statement has undergone the following changes with respect to that of the previous year:

	31/12/2021	%	31/12/2020	%	Change	Ch. %
SaaS Revenues	15,713,220	67.9%	15,395,234	73.6%	317,986	2.1%
Intercompany revenues	6,614,527	28.6%	4,352,712	20.8%	2,261,815	52.0%
Other Revenues	816,688	3.5%	1,182,514	5.6%	(365,826)	(30.9%)
Total Revenues	**23,144,435**	**100.0 %**	**20,930,460**	**100.0%**	**2,213,975**	**10.6%**
Cost of Goods Sold	6,883,821	29.7%	5,766,707	27.6%	1,117,113	19.4%
Gross Profit	**16,260,615**	**70.3%**	**15,163,752**	**72.4%**	**1,096,862**	**7.2%**
Sales & Marketing costs	4,411,361	19.1%	3,698,622	17.7%	712,739	19.3%
Research & Development Opex	**3,786,031**	**16.4%**	**2,854,198**	**13.6%**	**931,833**	**32.6%**
Research & Development Capex	*(859,913)*	*(3.7%)*	*(804,139)*	*(3.8%)*	*(55,774)*	*6.9%*
Research & Development costs	*4,645,944*	*20.1%*	*3,658,337*	*17.5%*	*987,607*	*27.0%*
General & Admin Costs	5,423,375	23.4%	4,711,632	22.5%	711,744	15.1%
Total Costs	**13,620,768**	**58.9%**	**11,264,452**	**53.8%**	**2,356,315**	**20.9%**
Ebitda	**2,639,847**	**11.4%**	**3,899,300**	**18.6%**	**(1,259,453)**	**(32.3%)**
General Depreciation Costs	198,378	0.9%	323,156	1.5%	(124,778)	(38.6%)
Right of Use Amortization Costs	889,620	3.8%	784,254	3.7%	105,366	13.4%
R&D Amortization Costs	1,322,406	5.7%	1,379,940	6.6%	(57,534)	(4.2%)
Amortization & Depreciation	150,680	0.7%	166,893	0.8%	(16,213)	(9.7%)
Amortization & Depreciation	**2,561,083**	**11.1%**	**2,654,243**	**12.7%**	**(93,160)**	**(3.5%)**
Ebit	**78,764**	**0.3%**	**1,245,056**	***5.9%***	**(1,166,293)**	**(93.7%)**
Net financial income/(charges)	1,071,560	4.6%	856,633	4.1%	214,927	25.1%
Ebt	**1,150,323**	**5.0%**	**2,101,689**	**10.0%**	**(951,366)**	**(45.3%)**
Current Income Taxes	(70,258)	(0.3%)	(88,841)	(0.4%)	18,583	(20.9%)
Deferred Taxes	(217,879)	(0.9%)	(296,007)	(1.4%)	78,128	(26.4%)
Net Profit (Loss)	**862,186**	**3.7%**	**1,716,841**	**8.2%**	**(854,655)**	**(49.8%)**

The following table showing some profitability indexes, compared with the same indexes relating to the financial statements of the previous year, provides a better illustration of the income situation.

Description	31/12/2020	31/12/2021
Net ROE (Net result/Net capital)	0.10	0.05
Gross ROE (EBT/Net capital)	0.12	0.06
ROI (EBITDA/Invested capital)	0.05	0.04
ROS (EBITDA/Sales revenues)	0.25	0.17

As already highlighted above, Growens, and in particular the MailUp BU, has suffered from lower than expected growth in business revenues compared to the huge structural and technological investments that have led to the drop in the profitability indexes shown in the table above, while maintaining an abundantly positive marginality especially in terms of EBITDA, EBT and net income.

Main equity figures for Growens

The reclassified Balance Sheet of the company compared with that of the previous year is as follows:

	31/12/2021	31/12/2020	Change	Ch. %
Intangible fixed assets	3,659,270	3,118,415	540,855	17.3%
Tangible fixed assets	1,354,448	1,579,291	(224,842)	(14.2%)
Rights of Use (IFRS 16)	2,708,323	3,301,698	(593,375)	(18.0%)
Financial fixed assets	19,282,090	20,060,727	(778,637)	(3.9%)
Fixed Assets	**27,004,132**	**28,060,130**	**(1,055,999)**	**(3.8%)**
Receivables from customers	2,991,636	2,126,986	864,650	40.7%
Receivables from subsidiaries	3,889,379	2,637,189	1,252,190	47.5%
Payables to supplier	(1,588,326)	(1,739,204)	150,878	(8.7%)
Payables to subsidiaries	(1,750,832)	(984,436)	(766,396)	77.9%
Payables to associated companies	(2,000)	(31,220)	29,220	(93.6%)
Commercial Trade Working Capital	**3,539,856**	**2,009,315**	**1,530,542**	**76.2%**
Tax receivables and payables	(139,312)	(271,100)	131,788	(48.6%)
Accruals and deferrals	(6,239,454)	(5,825,077)	(414,378)	7.1%
Other receivables and payables	(3,338,334)	(3,179,508)	(158,826)	5.0%
Net Working Capital	**(6,177,244)**	**(7,266,370)**	**1,089,126**	**(15.0%)**
Provisions for risks and charges	(166,667)	(66,667)	(100,000)	150.0%
Provisions for severance and pension	(1,999,034)	(1,710,743)	(288,291)	16.9%
Net Capital Invested	**18,661,187**	**19,016,350**	**(355,164)**	**(1.9%)**
Share capital	374,276	374,276	0	0.0%
Reserves	18,640,036	16,981,944	1,658,092	9.8%
Profit (Loss) for the period	862,186	1,716,841	(854,655)	(49.8%)
Net Equity	**19,876,498**	**19,073,061**	**803,437**	**4.2%**
Cash	(7,485,288)	(6,978,157)	(507,131)	7.3%
Short-term debt	1,194,687	955,301	239,386	25.1%
Financial liabilities right of use (short term)	776,497	763,286	13,211	1.7%
AFS Financial Assets	0	(195)	195	(100.0%)
Medium/long-term debt	2,270,862	2,641,533	(370,672)	(14.0%)
Financial liabilities right of use (medium/long term)	2,027,930	2,561,520	(533,590)	(20.8%)

Net financial position	**(1,215,312)**	**(56,712)**	**(1,158,600)**	**2043.0%**
Total sources	**18,661,187**	**19,016,350**	**(355,163)**	**(1.9%)**

In order to provide a better description of the company's equity solidity, the table below shows a few Balance Sheet indexes relating to both the method of financing medium/long-term commitments and the breakdown of the sources of finance, compared with the same Balance Sheet indicators for the previous years.

	31/12/2020	31/12/2021
Primary structure margin (Own funds - Fixed assets)	(10,693,193)	(9,158,758)
Primary structure ratio (Own funds/Fixed assets)	0.64	0.68
Secondary structure margin ((Own funds + Consolidated liabilities) - Fixed assets)	(6,274,250)	(4,722,195)
Secondary structure ratio ((Own funds + Consolidated liabilities)/Fixed assets)	0.79	0.84

As can be seen from the indexes in the table above, the correlation between sources of financing and corresponding medium/long-term investments has improved compared to the already satisfactory levels of the previous year.

Main financial figures for Growens

The parent company's net financial position at 31 December 2021 was as follows:

	31/12/2021	31/12/2020	Change	Ch. %
A. Cash	7,485,288	6,978,157	507,131	7.3 %
B. Cash equivalents				
C. Other current financial assets		195	(195)	(100.0%)
D. Cash and cash equivalents (A) + (B) + (C)	**7,485,288**	**6,978,352**	**506,936**	**7.3 %**
E Financial debt	902,343	802,487	99,856	12.4 %
F. Current financial debt	1,068,841	916,100	152,741	16.7 %
G. Current financial position (E) + (F)	**1,971,184**	**1,718,587**	**252,597**	**14.7 %**
H. Net short term financial position (G) - (D)	**(5,514,104)**	**(5,259,765)**	**(254,339)**	**4.8 %**
I. Due to banks medium/long term	4,298,792	5,203,053	(904,261)	(17.4%)
J. Bonds issued				
K. Other financial liabilities medium/long term				
L. Non current financial position (I) + (J) + (K)	**4,298,792**	**5,203,053**	**(904,261)**	**(17.4%)**
M. Net financial position (H) + (L)	**(1,215,312)**	**(56,712)**	**(1,158,600)**	**2,043.0 %**
o/w H. Current financial liabilities Rights of Use IFRS 16	776,497	763,286	13,211	1.7 %
o/w M. Non current financial liabilities Rights of Use IFRS 16	2,027,930	2,561,520	(533,590)	(20.8%)
O. Net financial position without IFRS 16 effect	**(4,019,739)**	**(3,381,518)**	**(638,221)**	**18.9 %**

ESMA Circular 32-382-1138 dated 04/03/2021 par. 175 orientation 39

Growens' net financial position continues to be characterized by the minus sign, thus with surplus cash and cash equivalents over debt, recording a significant increase in the year under review. In addition to the dynamics of core business, the cash flow benefited from the positive effect of the collection of non-repayable grants relating to projects already fully completed and accounted for for almost Euro 800 thousand. As already mentioned in relation to the consolidated financial data, the parent company has made use of financial leverage, partly in connection with the "Digital Agenda" call for tenders issued by the Ministry of Economic Development, described in detail below, at extremely favourable operating and economic conditions to support the investments made, particularly in relation to Research and Development activities to make the MailUp platform increasingly competitive and performing.

The following table showing some Balance Sheet indexes of the Company, compared with the same indexes relating to the previous financial statements, provides a better illustration of the financial situation.

	31/12/2020	31/12/2021
Primary liquidity (Immediate and deferred liq./ Current liabilities)	0.69	0.79
Secondary liquidity (Current assets/Current liabilities)	0.89	0.99
Debt (Net debt/Shareholders' equity)	(0.003)	(0.061)
Fixed asset coverage ratio (Own capital + Consolidated liabilities)/Fixed assets	0.89	0.91

The positive performance of the NFP is reflected in the improvement of all the financial indexes outlined above.

Growens has continued to operate prevalently using the liquidity generated by the core business. The collection of annual fees in advance and the consequent deferred income on the part of future economic competency mechanism, have represented, and indeed continue to represent the main source of finance, which is inexpensive and rises proportionally according to the systematic growth of turnover seen over time.

Information pertaining to the environment and staff

Considering the social role played by the business, we believe it appropriate to provide the following information on the environment and staff.

Staff

In 2021, there were no injuries at work and no charges were recorded with regards to occupational diseases on employees or former employees and mobbing cases.

As at 31 December 2021, the Group's workforce numbered 249 employees, of whom 6 managers, 17 middle managers, 226 white-collar workers, while as at 31 December 2020, it consisted of 243 employees, of whom 4 managers, 19 middle managers and 220 white-collar workers.

As at 31 December 2021, the parent company workforce totalled 177 employees, of whom 6 managers, 15 middle managers and 156 white-collar workers.

The number of total employees employed during the year, i.e. Annual Work Units, was 212.71 at group level, and 155.26 at parent company level.

The Group has always been committed to safeguarding relations with employees; at present, there are no employment law disputes in progress.

Environment

Please note that the type of business carried out by the Group does not entail risks nor any onset of situations that may damage the environment. For a more in-depth analysis of the environmental sustainability issues implemented by Growens Group, please refer to the detailed information contained in the Sustainability Report 2021 prepared annually at consolidated level in correspondence with the end of the accounting period by the parent company and shared with investors and the market. This Report is a voluntary exercise.

Sustainability is the fundamental element on which Growens' activities are based, which is why it was decided to draw up the Sustainability Report in accordance with the UN 2030 Agenda. The 17 Sustainable Development Goals (SDGs) represent "common goals" to be achieved in areas relevant to sustainable development.

The reporting covers the period 1 January - 31 December 2021 and has been carried out in accordance with the GRI Sustainability Reporting Standards guidelines, with a "core" level of application. As required by the Standards, the data collection phase was preceded by the carrying out of the so-called "Materiality Analysis", aimed at identifying the significant issues in the economic, social and environmental areas, which may influence the strategic choices of the organization and its stakeholders.

Investments

In the year of this report, consolidated investments were made in the following areas:

Fixed assets	Increases in the year
Technological platform development costs	3,018,501
Third-party software and trademarks	871,277
IT infrastructure, electronic office machines and systems	58,453
Furniture, office furnishings and leasehold improvements	130,540
Right of Use IFRS 16	655,904

of which investments pertaining to the parent company alone, as specified below:

Fixed assets	Increases in the year
Technological platform development costs	859,913
Third-party software and trademarks	791,791
IT infrastructure, electronic office machines and systems	46,668
Furniture, office furnishings and leasehold improvements	124,000
Right of Use IFRS 16	296,242

Given the nature of the business, consolidated investments are historically concentrated on intangible assets and, in particular, on the incremental development of the MailUp digital marketing platform, and the BEE editor. For both, for 2021, the specifications of the research and development activity are provided in the following paragraph. In addition, investments were made to strengthen and renew the technological tools used by Agile Telecom and Datatrics in their business.

The material investments of the Group are typically represented by servers and electronic machines designed to enhance and update the technological infrastructure, strategic for the core business, as well as furniture and furnishings related to the leased operational offices.

Research and development

In accordance with article 2428, paragraph 2, number 1 of the Italian Civil Code, it is specified that in 2021, the Group capitalized internal and external investments relating to the software development of its platforms and technological services for over Euro 3 million. As at 31

December 2021, net of the related accumulated amortization/depreciation, these totalled Euro 5.4 million. Additional operational costs related to research and development departments were incurred for about Euro 3.2 million at consolidated level. Other technical departments, in particular those dealing with the technological infrastructure, also carry out support activities related to research and development. The parent company mainly carries out incremental development activities in relation to the SaaS MailUp platform of digital marketing on the cloud. These investments were capitalised by virtue of the future economic use, certifying the potential economic and financial future recovery. There was a strong growth in investments relating to the development of the BEE editor equal to over Euro 1.3 million; originally developed by Growens, it was transferred at the end of 2016 to the American subsidiary in its two main versions, BEE Plugin and BEE Pro, which deals exclusively with its commercialization, as well as defining the strategic product road-maps. The development activity, carried out by the parent company on behalf of BEE Content Design under specific contractual agreements, is carried out by an Italian team of developers under Growens, assisted by an American colleague, and is defined and supervised by the management of BEE. Agile Telecom also carried out incremental development work on its technological infrastructure dedicated to SMS messaging, using both internal resources and external consultants for a total of Euro 518 thousand.

Innovation, research and development have always been structural parts of the Growens corporate and cultural DNA. The nature of the business and the context within which Growens operates require maximum investment and readiness in terms of evolution in order to remain competitive and to provide the best possible customer experience. For Growens, the constant investment in innovation concerns core areas of the business, such as the technological infrastructure, the development of new products and solutions, the ways of interacting and listening to customers, and the efficiency of working methods.

We summarize below the main additions and improvements made to Group services in 2021 as a result of research and development.

MailUp platform:

The main activities for improvement concerned the recovery and improvement of SMS alias flow: this issue is part of the context of improving the experience of managing SMS campaigns. The flow has been adapted to the new AGCOM regulations, and significant improvements have been made to its use, including: the possibility of activating third-party aliases (example: the Vodafone shop that wants to send SMS in the name “Vodafone”), the possibility for ONLUS to activate an alias, and a system of notifications that updates the customer on the status of their request. Below are some KPIs that summarize the improvements achieved:

- Aliases rejected by the internal team: from 22.2% to 14.4% (-63%);
- Aliases rejected by AGCOM: from 7.7% to 0.6% (-92%);
- Pending Alias requests: from 12% to 6% (-50%);
- Median approval time: from 46 to 21 hours (-54%).

An additional new feature has been implemented regarding improvement of the trial activation funnel: The issue is part of the context of acquiring new customers. In particular, the activity is aimed at improving the conversion rate of the funnel that goes from the request for activation of a trial platform to the first access to the platform. To improve the conversion rate, some steps of the funnel were removed and, where necessary, inserted in other points where the action was more contextual to the user experience. Below are some KPIs that summarize the improvements achieved:

- First removal (3 steps): from 46% conversion rate to 51%-57% (best and worst case scenario);
- Second removal (1 step): data collection still in progress and available at the end of August. Forecasts are for a conversion rate of around 60%;
- Subsequent removals and changes resulted in an average conversion rate in the second half of the year of between 56% and 70%.

During the year, the team of developers perfected the activity regarding the inclusion of acquisition forms in landing pages: the issue is part of the "data-base enrichment" context and the activity is aimed at improving the conversion rate of our customers to their users/customers. In detail, we talk about two interventions: the possibility (previously not present) to insert registration form in the landing pages; the insertion of new templates for the creation of landing pages, with a form already in them. Below are some KPIs that summarize the improvements achieved:

- 21% of the users have inserted a form in the landing pages in the period considered;
- 22% of the total landing pages created, in the period considered, has a form;
- 94% of the templates used for the creation of a landing page are those inserted in this half-year;
- 57% of these contain a form.

Also regarding the platform, other interventions were implemented in the content creation domain, i.e. in the domain that aims to improve the way our customers create new content, be it e-mail, SMS, landing pages or forms. In detail:

- addition of the new emoji component. After the release, adoption rose from 8% to 12% for messages with emoji; the number of users who used an emoji rose from 17% to 25%;

- Ability to view desktop or mobile preview while creating a message;
- Insertion of the “Title Block” component for easy management of titles;
- Addition of the sticker and GIF module.

Other improvements included:

- **Porting** of **front-end** technology and **decoupling** of **back-end** services: the issue is part of the context of “business continuity” and software development performance. Specifically, the activities are: migration of the current AngularJS front-end technology (being discontinued by the provider) in favour of REACT; decoupling of the enabling architecture both for the acceleration in the software development and for a better control and stability of the system. By the end of 2021, 49 out of 101 pages were migrated and decoupled, still covering all those with the high and medium to high risk and complexity. The decoupling activity performed was accompanied by an optimization process of the impacted modules.
- Strengthening of security: this issue is part of a general context of improving security and is a continuation of the activities started in 2020. In September, all activities planned the previous year were completed.
- A new Wordpress plugin was developed and released in August, which introduced a simplified and more flexible experience for inserting subscription forms linked to MailUp. In the following months of 2021, 2 updates of the plugin itself were released and there were more than 500 active installations.

Finally, it should be noted that in December 2021 the implementation of the new webhook engine, designed to facilitate integration with external platforms, was completed. The implementation was highly innovative because it represented a pilot project for future migrations of MailUp architecture to the cloud. With this project, know-how has been acquired and applied with an approach that is constantly focused on measuring the benefits of switching to the new technology. The scalability of the new solution was undoubtedly the main benefit noted.

BEE Editor

BEE, the drag-and-drop editor for e-mails and landing pages owned by the subsidiary BEE Content Design, is continuing to record sharp growth both as a free tool available online (BEE Free) and as a component to be integrated into other software applications (BEE Plugin), and finally, as a complete suite for e-mail and landing page creation for freelance designers, digital agencies, and marketing teams of companies (BEE Pro). The https://beefree.io/2021/ page on the company’s website visually chronicles some of the company’s 2021 milestones, including 56 million sessions of the software across hundreds of applications in a variety of industries. The BEE software is gradually becoming a worldwide standard in digital content creation. In 2021, the Group continued to invest in the development of the product. More specifically:

- BEE Pro: the growth strategy based on the product-led approach has been confirmed and expanded, where the product is at the centre of all phases of customer acquisition, conversion, growth and maintenance. During the acquisition phase, the community of designers from many countries around the world who collaborate on an ongoing basis with the business unit was further enriched; it now has over 30 designer that allowed the catalogue of e-mail templates & landing pages to pass 1,200 units. The catalogue is now one of the largest in the world, which continues to generate a positive impact not only on traffic, but also on trial account generation. The moment they arrive on the template catalogue, in fact, customers are literally one click away from being able to edit e-mails and pages with the editor, without any friction. Many of them then choose to explore what else BEE has to offer them by opening a BEE Pro trial account. This acquisition funnel performs very effectively, with over 9% of all visits turning into free trials: the business unit registered over 121,000 BEE Pro trial accounts during 2021, a growth of around 30% on 2020. The conversion rate from trial account to paying customer was around 6.1%, with an average net subscriber churn rate of around 4.4%, both figures stable compared to the previous year. This has allowed for an increase in paying customers to nearly 11,000 at the end of December 2021. The increasingly high number of users has continued to provide a large quantity of feedback for the product team, which has exploited it to respond to market demand by developing and releasing many new functions. Below is a partial list: the possibility for multiple users to edit e-mail messages and web pages at the same time has been introduced, allowing a high level of collaboration; several improvements have been introduced to the functionality related to landing pages, including the ability to switch from an e-mail to a page (and vice versa) with a few clicks, which allows the very fast creation of digital marketing campaigns with multiple contents; a number of features made available by improvements in the embeddable editor itself (BEE Plugin) have been implemented, including the ability to design e-mails and pages directly in mobile device mode, which saves a lot of time compared to the process of viewing the preview on a mobile device; the ability to change plan quickly and without commitment within the trial period has been added; numerous new collaboration features have been added, including the ability to mention colleagues and customers in the comments left in the drag-n-drop editor and a notification system that signals events to keep up with to the various users; finally, a large number of optimizations have been made to improve the user experience. All this not only led to sharp growth in the turnover generated by the product, but also to a high rate of customer satisfaction. The latter is measured through the well-known Net Promoter Score (NPS), which averaged 56 during 2021, up from the already very high value recorded in 2020 (54). Linked to this high rate of customer satisfaction is another initiative that has been implemented during 2021: the BEE Pro Ambassador program (beefree.io/bee-pro/ambassador-program/), which allows customers and influencers to talk about BEE Pro and receive financial compensation when their readers become paying customers of the platform: the program has already generated thousands of trial accounts and hundreds of paying customers;

- BEE Plugin: during 2021, not only was the "embeddable" version of the BEE editor enriched with many new features, but a new edition of the same was developed for the creation of Popups, aimed at making BEE Plugin a true platform for the design of multiple elements of a digital marketing campaign. Often these campaigns, in fact, provide a window that appears and attracts the visitor's attention (Popup), a page that explains the offer (Landing page) and a series of e-mails that make subsequent follow-ups. Messaging, marketing automation, CRM, etc. applications that adopt BEE Plugin can now allow their users to design - with a single interface - all three digital assets needed for that type of campaign, a key development for the product's growth strategy. In addition to the large amount of development done to enable support for this new content type, several features have been added and improved in the visual editor during 2021, features that typically can be used regardless of whether an e-mail, a page, or a popup is created. A list is available at https://docs.beefree.io/updates/. Among the most important, we highlight: the Mobile Design Mode, which is a content creation mode where the content itself is displayed directly in the way it will be shown by a mobile device, which saves a lot of time during the creation of the content itself, compared to drawing in desktop mode and then checking the display on mobile by clicking on the relevant preview; a new content block - Title - which makes the creation of titles easier and faster, and also ensures that they are optimized for search engines; the management of letter spacing in texts; the management of mentions of other users in comments; the ability to hide entire lines of content on mobile devices (or vice versa); the possibility for more sophisticated users of the product to define additional attributes for specific content, which allows the application embedding the editor to identify and manage these content blocks for further processing of the same when sending an e-mail or viewing a page; the new "Spacer" content block, which makes the creation of spaces faster and more intuitive; the "Viewer" user, who can see and comment on documents created by others, but cannot modify them, allowing further, flexible review processes of e-mails, pages and other digital creations.

- Synergistic relationship between the two versions and the other platforms of the Group: it is recalled that, from a technical point of view, both BEE Free and BEE Pro are “customers” of BEE Plugin. In fact, they are both software applications that incorporate the BEE editor, integrating it through the BEE Plugin service. Acumbamail, Datatrics and MailUp, three other SaaS applications within Growens, are in turn “customers” of BEE Plugin. This means that the improvements in the BEE editor have a positive impact on the other applications of the Group, generating a virtuous cycle that is extremely important and positive as it contributes to the constructive exchange of information and product innovation to the advantage of all the Group business units.

Agile Telecom R&D Projects

- SMSC.NET: the Agile Telecom business is fundamentally based on the optimization of the SMS purchase through different suppliers, which are subsequently routed to most operators worldwide. In order to provide a faster and more accurate service and thus increase the traffic managed and maximize revenues and margins, it is strategic to implement a control system through which to test and select the routes offered by suppliers. In the same way, suppliers and customers will have the possibility to verify the quality of the Agile Telecom service and to be more loyal. In addition, expectations of positive spin-offs from the project include the possibility of further developing the fee business on SMS reception.

The project, completed in May 2021, technically is based on three main areas:

- Have an immediate feedback on the functioning of the routes used by Agile Telecom for SMS delivery, both to Italy and abroad;
- Also make it possible for users to test the operation of the SMS service to real numbers;
- Create a SIM hosting service for users who need to receive SMS from their customers.

- The project “NDS - Number Dispenser System” offers our customers a centralized dispatching service, independent from the operator and the geo-location of the recipient in real-time like. The goal is to reduce the costs for testing incurred so far by Agile Telecom by purchasing the service from third parties and, ultimately, to improve margins, while overcoming the criticality of testing systems available on the market, increasing efficiency and reliability, and raising the guarantee of coverage of end users. The NDS system will also be offered via REST-API to partner companies and may become a strong point in the offer that Agile will be able to propose on the market to partners, potential prospects but also competitors who want to test the reliability of Agile Telecom services, allowing the development of a further line of revenue. The project was completed in May 2021.

- Datacenter Migration: the Agile Telecom R&D team also launched this important technology infrastructure project in 2020 that underpins the SMS sending tools used by customers. The main objective of this project is to secure the entire infrastructure of the Carpi data center and to have a very reliable sending platform for the benefit of customers. Thanks to these improvements, the platform will meet high-profile compliance standards that will allow the commercial offering to be extended to other operators and increase revenues to customers who are more demanding in terms of security and reliability requirements. The progressive virtualization of all systems will also automate and speed up many platform maintenance and upgrade operations. The project was completed at the end of 2021.

- GTS Project: the specific aim of the project is to identify the most profitable connections with our SMS service providers, through direct and indirect connections, in order to provide customers with fast traffic with a delivery certainty of around 99.5% and thus increase sales margins. The GTS platform will be inserted within a company software tool that will regulate SMS traffic management, route management, price management, customer management and automatic traffic quality control systems. This tool will also be provided via API for direct use to our customers, allowing for additional revenue. The GTS platform will thus provide Agile Telecom operators with the information to properly combine parameters and optimize the settings to be used with our suppliers in order to maximize customer satisfaction while containing costs as much as possible. The back-end of the platform will provide APIs to connect Agile Telecom various IT systems and will be built using JAVA. The Front-end will be realized with VUE and will allow the user to use the functions through API. The software will be engineered using agile methodology, releases will be made in bi-weekly sprints, and progress will be managed using the Jira software suite, the project ended in August 2021.

- SS7 protocol support for OTP traffic (ASN.1): the modification of this part of the Agile Telecom platform aims to be able to send all OTP (One-Time Password) traffic via the

SS7 signalling protocol, maintaining a very low sending delay (in the order of a few seconds). In this way it will be possible to increase the volumes and the corresponding revenues of an operation already relevant for Agile Telecom, referring to OTP transactional SMS traffic. This type of traffic unlike bulk traffic, (e.g. advertising campaigns) needs very fast delivery, because these SMS are needed to unlock certain operations and be recognized, for example by online services, banking services, MFA systems. This innovation will make it possible to overcome some current limitations of the service that establish the SCTP association, necessary for the implementation of SS7 communication that risks creating bottlenecks and slowing down the service. Software development was completed at the end of December 2021. SS7 traffic is much faster than SMPP connections because it communicates directly with the GSM network and the cell phone without any intermediary.

- Centralized routing: the objective of the project is to bring together all the routing logics in an external service called by all the applications that benefit from the routing itself. The project consists of a network that uses a centralized routing protocol, through a central processing device running on a "central" node that collects information about each link in the network. The processing device uses the collected information to compute routing tables for all other nodes. These routing protocols make use of a centralized database located at the central node. In other words, the routing table is stored in a single "central" node, which is consulted when other peripheral nodes need to define the most efficient and convenient routing addressing. The aim of this project is to trace the most economical routes for sending SMS with a consequent reduction of costs and improvement of margins, ensuring the constant reliability of the sending service. The project was completed at the end of 2021.

- The Project JARVIS has as final objective the inbound management of suppliers' price lists that are then shown to customers. It is therefore used to notify them of a change in the prices of a route and to update the purchase prices that suppliers send us. A desktop version of this program is already available, while the project consists in making a web version. Suppliers send pricing via e-mail, the Agile team updates pricing internally by importing attachments from these e-mails, then the pricing update is accordingly notified to the customer. Thanks to these mechanisms, prices are constantly updated so that in the event of unfavourable market dynamics, the marginality is not affected, as it is reversed in real time on the customer. In general, this is a tool that can optimize pricing in terms of responsiveness to market changes, allowing price dynamics to be transformed from a potential cost into an opportunity for growth. The project is expected to be completed by the first quarter of 2022.

- The Project TOOLS AGILE consists in the complete revision of the applications currently in use, the rewriting of them in a common language (Java) based on the disintermediation of front-end and back-end and the publication of the front-end on the web to allow the access of all the management, maintenance and operational tools via internet. Currently only Agile users can access it. However, the goal for the future is to resell the product to external parties. This project allows us to discard old applications developed with languages little or not at all used on the current market, achieving greater stability and allowing greater remote usability now and in the future. The software programs in question are of different types and range from registry tools, to administrative tools, to routing and analysis tools. Increased efficiency of these tools therefore leads to a marked improvement in information management, creating added value in terms of cost optimization and potential new business opportunities. Development of the tool is currently underway and is expected to be completed at the end of 2022.

- The Agile website users area project contemplates 3 different product types currently offered separately and with security gaps to be filled. The intent is to reduce the perimeter of potential offence that is present in previously developed products and to unite Faxator/Faxalo, Retail SMS Platform and CPaaS API products into a single CPaaS portal. These products are currently supplied to different users with no possibility of cross-selling between them and, as mentioned earlier, with some security gaps to be filled to minimize the risk of offensives from outside. With the occasion of the revision of the Tools with a single language (Java), the perimeter of this revision was extended also to these products (Faxator, Retail SMS Platform and CPaaS API) in order to standardize internal and external products to make them rock-solid, easy to access and developed in a language widely known in the community. The project started from the revision of the Faxator service, which will remain both a branded product and a white label product, present within the Retail platform or offered to third-party resellers in the market. The next steps will see the development of a portal dedicated to market professionals that will be verticalized on target products (CPaaS API) and an overhaul of the Retail platform that will integrate business needs not currently present and the inclusion of the Faxator product within it, allowing to expand and develop the CPaaS service offering and further explore these interesting growth opportunities for Agile Telecom. The latter is also expected to be completed by the end of 2022.

Other Technological Infrastructure R&D Projects

Cyber Security Project

It is well established that security in a broad sense is not a product but an ongoing process. The declination of this concept on modern technologies for cyber security within a company is further confirmation of this. Careful analysis based on experience and practical evidence shows that security and confidentiality are two business system properties that require resources but, more importantly, need periodic review, re-assessment and re-actualization.

Growens, operating in a complex and dynamic environment, has become more and more aware of the fact that Information & Cyber Security is an aspect of fundamental importance for the achievement of its business objectives.

The Group has therefore maintained an Information & Cyber Security Risk Assessment activity in 2021 to:

- Identify key Information & Cyber Security risks to the business.
- Assess the maturity level of the Information & Cyber Security control system in relation to an ISO/IEC standard and an ENISA issuance.
- Identify areas of focus and mitigation actions to reduce risk.

The objective is to improve what has already been implemented by reviewing the actions that have allowed in 2021, and will allow in an even more evolved way in 2022, to measure the level of exposure to cyber risk identified through the security measures implemented on the basis of the actual criticality of the applications and information processed by them, so as to balance the constraints imposed by the security measures with the impacts on users' operations and the investments required.

Having completed the assessment activity conducted on the Security Management System of Growens' business units, in 2021, the implementation of the Cyber Security Framework was started throughout the Group to homogenize the governance model making the management of Cyber Security issues more effective.

Using the ISO/IEC 27001:2013 standard as a reference, the certification process of the BEE BU has been implemented and will take place approximately in the first quarter of 2022.

The year 2021 saw the start of a review of the Cyber Security Staff organization model, through the support of Gartner - in order to identify the model that best suits the Group's needs and to identify the KPIs that allow the Holding to verify the actual implementation of constant supervision on Information & Cyber Security issues, both from the point of view of capacity (number of resources and distribution) and awareness (skills and competences needed).

The actions we are going to put in place will focus on these issues

- Awareness - increase awareness of cybersecurity issues within technical and non-technical departments via webinars and newsletters;
- Processes - Security management processes and procedures adopted, such as vulnerability management, change management, incident management;
- Technology - technologies in use in security (e.g., SIEM, Anti-APT, anti-malware, IPS) and their degree of effectiveness, identifying any additional or complementary technological solutions;

The activities carried out were implemented in a coordinated manner and in such a way as to integrate the actions identified with the Group's Data Protection Compliance model, in order to maximize the benefits of the application.

The NIMP project - New Innovative Multilateral Platform

In line with its core business, the Group's growth has always been supported by constant and significant investments in technological and infrastructural innovation. During 2021, the Group continued its Research and Development activities, exploring new project ideas and successfully completing operations already launched in previous years, including the NIMP - New Innovative Multilateral Platform project, which began in 2018 in the framework of the ICT Digital Agenda funding call.

Promoted in 2018 by the Ministry of Economic Development (MISE), the ICT Digital Agenda call provided for a financial contribution disbursed through the Sustainable Growth Fund for the promotion of large Research and Development projects in the Electronic Information and Communication Technologies (ICT) sector. The Group saw in this call an opportunity to implement a wide-ranging project idea, aimed at innovating one of its leading products through a global and multilateral approach: the NIMP - New Innovative Multilateral Platform project.

The NIMP project aimed at implementing a series of technical improvements within the MailUp platform owned by Growens, aimed at strengthening the competitive positioning in the area of relationship marketing oriented to multi-channel and collaboration. In addition to innovating and enhancing real-time content personalization, MailUp has identified instant messaging applications like Telegram as a new channel to integrate. Major customer experience improvements have been made, along with some cyber security upgrades, and the entire project has resulted in an increased propensity for customers to use MailUp and recommend it to other users.

This multilateral approach to the platform, focused simultaneously on customer experience, content personalization and targeting, has three key pillars. The first pillar was the “under the roof” operations required to improve the structural and functional aspects of the platform, especially from the point of view of programming and the data centers used. The second pillar was the development of a series of tests and trials to ensure maximum usability of the platform from the user’s point of view, in line with the goal of improving the customer experience. The last pillar was to apply artificial intelligence and machine learning systems to behavioural analytics rather than semantic analytics, as behavioural analytics has the advantage of being more easily correlated with clear, automated actions and user prompts to maximize the delivery rate of communication campaigns.

In terms of impact and expected consequences, the NIMP project has enabled the Group to improve its competitive positioning in the area of multichannel and collaboration-oriented relationship marketing. The largest investments were directed towards the creation of new services and functions integrated with the MailUp platform, such as real-time content personalization, automation and multichannel services (SMS, e-mail, social, chat, etc.). The set goal, successfully achieved at the end of the project, was to make customer loyalty strategies available to customers through the engagement of the recipients of digital marketing campaigns, ultimately the end customer.

Launched in early March 2018 and consisting of 5 Achievable Objectives (ORs), the NIMP project concluded in February 2021 after one year of research and two years of development by the MailUp Product & Technologies team. On 11 October 2021 at the Cremona headquarters, a final audit was held by consultants from MISE, assisted by CNR and Medio Credito Centrale for their respective competences, for the final verification of expense reporting. The overall disbursement under the ICT - Digital Agenda program, including a non-repayable contribution and low-interest financing from Cassa Depositi e Prestiti and Banca Popolare dell’Emilia Romagna, covered 60% of the total cost of the project, including part of the costs of personnel, consulting, general expenses, tools and equipment.

The following shows the degree of progress and achievement of the various objectives as of 11 October 2021, the date the final technical report was conducted.

Implementation Goals	% advancement
1 - Infrastructure study	100%
2 - Development of the new software architecture	100%

3 - Automatic functional tests and review	100%
4 - Implementation of the multi-channel functionalities of the platform	100%
5 - Testing and Analysis of the platform	100%

Also on 11/10/2021 the third intermediate progress report (SAL) was disbursed for Euro 1,036,375 as a loan from CDP and Euro 127,098 as a loan from BPER. On that occasion, the non-repayable grant was also received for Euro 383,984 referring to the same progress report. On the financial part, the lender retains a share of 40% as a pledge to guarantee future repayment.
The reporting of the fourth and last progress report of the project was carried out in July 2021, taking as a reference period the one between 01/06/2020 and 28/02/2021. We are awaiting notification from MISE of the date of disbursement of the final progress report, which should reasonably take place within the first half of 2022.

Taking into account the whole project, the expenses reported against those declared are respectively equal to:

- Industrial Research completed at 100%: Euro 455,288 reported against Euro 453,484 forecast;
- Experimental Development currently equal to 100%: Euro 6,668,054 accounted for, compared with the Euro 5,803,892 expected.

In accordance with article 3 of the Grant Decree, "Commitments of the Beneficiary" point k) reads: "highlight the implementation of the project in the financial statements for each of the years immediately following the year in which the individual disbursements of the facilities take place" as described in greater detail above, the data reported in the preceding paragraph are summarized below:

Act and disbursement date	11/10/2021
Description	Sustainable Growth Fund grant - project F 140001/00/x39 ICT Digital Agenda Call - FRI DM 181017 SAL III
Grant	383,984
Reported	5,215,389

Cloud Governance: Growens Cloud Center Of Excellence

Cloud Governance is the set of rules, recommendations and policies adopted by companies that manage services in the cloud, and whose goal is to improve data security, manage risks and enable the proper functioning of systems.

At Growens, starting in 2021, Cloud Governance is being implemented by the Cloud Centre of Excellence (CCoE), a highly specialized team that fosters technology collaboration across business units and uses best practices to provide analytical and strategic support across the organization.

Specifically, the CCoE has the following tasks:

- Standardize and drive adoption of cloud services
- Develop and share cloud computing best practices
- Build secure code repositories and developer communities
- Drive and support internal users to achieve their business outcomes through the adoption of cloud services

Close collaboration between the CCoE and Growens respective business units occurs through a dual communication system consisting of two main streams: top down and bottom up. The top down flow is the one through which the CCoE Advisory Board defines and communicates best practices and guidelines to the group on the use of cloud infrastructure. The bottom up flow, on the other hand, involves each CCoE member being encouraged to share application solutions and IT know-how, thus creating transparency and shared value across business units.

Thanks to CCoE, the Growens Cloud Governance is now fully centralized. Among the effects and positive consequences of this innovation, in the short and long term, the possibility of standardizing rules and processes in the use of the cloud certainly stands out, but also a greater and more structured communication between the five business units that make up Growens, a factor that contributes to zero misunderstandings and slippage of work and to facilitate coordination and synergy between the various activities.

At the level of impact on cloud infrastructure, CCoE translates into two competitive advantages: the agility component, which is the ease of quickly introducing new technologies and adapting processes to market changes, and the security component, which involves the ability to maintain control over cost, compliance and security and define design principles.

Implementation of new ERP Oracle Netsuite

Another key project in 2021 was the implementation of the Group's new management tool, Oracle Netsuite ERP software.

In the first days of May, the go-live of Netsuite for the parent company Growens took place to complete the first phase of the project (Horizon 1). This was a key milestone in the overall path of growth, given the complexity and organizational structure of Growens that includes in the same entity a dual nature, the business part of the MailUp BU and the holding company that houses the staff functions in support of the Group. The approach and solutions adopted for the parent company will then be transferred as a Global Template, with the appropriate adaptations, to the other BUs as part of the second phase of the project (Horizon 2), which will be live in January 2022.

At a strategic level, as a whole, the project aims at standardizing operations in the accounting area, centralizing management through a single tool of international relevance with far greater potential than the ERP software previously used, both in terms of basic functionality, and in terms of reporting and native integrations with standard connectors with other products used at Group level (Zuora, Board, Stripe dashboard to give some examples).

The international background of the Oracle Netsuite product has helped us in the implementation of some accounting and tax logics not typical of the Italian regulations and referring to foreign BUs. However, at the same time the installation of the IAL bundle for the Italian subsidiaries has allowed us to manage all the peculiarities of the Italian localization, especially in the tax area.

Transactions with subsidiaries, associates, parents and other related companies

In 2021, the Growens Group implemented transactions between its parent company, subsidiaries and associates included in the scope of consolidation, associates and other related parties that were part of its core business. Interventions all aimed to promote development in a synergic context that favours positive integrations and lastly, the efficiency of processes in the Group. No atypical or unusual operations were carried out with respect to normal business management. Transactions essentially concern the provision of services that are part of the Group's core business, the holding activities provided by the parent company, such as accounting, legal, human resource management and administrative services in general, the provision and use of financial resources, as well as the provision of technological services relating to the development of the Group's proprietary platforms and the management of the shared technology infrastructure. Said relations come under the scope of ordinary business management and are stipulated at arm's length, or at the conditions that would have been established between independent parties.

Company	Fixed Receivables	Trade Receivables	Trade Payables	Other receivables	Dividends	Revenues	Purchases
Agile Telecom		153,010	1,692,106	57,490	780,680	1,103,977	3,156,896
Globase International		349,367				246,433	141,431
MailUp Nordics							
Bee Content Design		1,719,260	1,236			3,511,764	21,817
Acumbamail		42,671			241,660	301,712	
Datatrics BV	1,960,447	1,625,471				1,450,641	
Datatrics srl							
Subsidiaries	**1,960,447**	**3,889,779**	**1,693,342**	**57,490**	**1,022,340**	**6,614,527**	**3,320,144**
Consorzio CRIT Scarl	64,641		2,000				2,000
Associated	**64,641**		**2,000**				**2,000**
Floor Srl							
Other related companies							

The most significant amounts refer to the BEE editor, which is recording accelerated growth and increasing favour in the American market. The Group is thus allocating significant resources to support the improvement of the product of the US subsidiary, strengthening the Italian teams dedicated to the technological part and other functions under the parent company, in parallel with the organizational growth underway in the United States.

Following the acquisition of Datatrics B.V. in October 2018, as part of the contractual agreements signed between the parties, an interest-bearing loan of Euro 1,960,447 was provided by Growens to support the strengthening of the business of the Dutch subsidiary, which is considered strategic given the prospects for integrating marketing automation services with the Group's other BUs.

Treasury shares and shares/holdings in parent companies

As at 31 December 2021, the parent company Growens holds 161,052 treasury shares for a value of Euro 508,904, equal to 1.1% of the subscribed and paid-up share capital. During 2021, a total of 52,842 shares were purchased for Euro 234,938 at an average price of Euro 4.44 per share. By virtue of the Board of Directors' resolution of 23 March 2021, on 01 April 2021, 72,373 treasury shares, present at that date in the stock held by Growens, were assigned to the recipients of the short-term incentive plan for top management, upon their express request and upon positive verification of the results actually achieved. The value of the shares assigned was Euro 325,932 at a unit price of Euro 4.5035, compared with an average purchase price of Euro 4.2646, resulting in a positive delta of Euro 17,321. The purchases of 2021 were made as part of the programs approved by the Shareholders' Meeting on 23 April 2020 and 22 April 2021 respectively. In particular, the most recent Shareholders' Meeting resolved the authorization to purchase and sell treasury shares, and in particular the following:

- to revoke the previous resolution authorizing the purchase and disposal of treasury shares of 23 April 2020 with effect from the date of the meeting;
- to authorize the Administrative Body, and for it the Chair pro tempore, with ample faculty of sub-delegation, to carry out operations involving the purchase and disposal of treasury shares to:

  (i) be able to use its treasury shares as investment for efficient use of liquidity generated by the core business;
  (ii) purchase treasury shares from the beneficiaries of any stock option plans approved by the competent corporate bodies or however implement new plans structured in any form or proceed with free assignments to Shareholders or fulfil obligations deriving from warrants, convertible financial instruments, with mandatory conversion or exchangeable with shares (based on transactions in progress or to be approved/implemented);
  (iii) allow the use of treasury shares in transactions related to operations or projects consistent with the Company's strategic lines also through equity exchanges, with the main objective of finalizing corporate integration operations with potential strategic partners; as well as
  (iv) take action (where possible and provided for by the applicable legal and regulatory provisions), in compliance with current provisions, including through intermediaries, to limit anomalous price movements and to regularise trading and price trends, in the face of temporary distorting phenomena linked to excessive volatility or poor trading liquidity;

- to determine the arrangements for the purchase and sale of shares for a period of 18 months from the date of the resolution, up to a maximum amount of treasury shares the total of which, also taking into account the shares held by the parent company and its subsidiaries in the portfolio from time to time, does not exceed the 10% limit of the share capital

Use of subjective estimates and valuations

The draft of the financial statements requires from the Directors the application of standards and methods which, in some cases, are based on difficult and subjective evaluations and estimates based on historical experiences and assumptions which are each time considered reasonable and realistic based on the relative circumstances. The application of these estimates and assumptions influences the amounts shown in the financial statements – the consolidated statement of financial position, the statement of comprehensive income, the statement of changes to equity and the statement of cash flow – as well as in the disclosure supplied. The final results of the balance sheet entries, for which the aforesaid estimates and assumptions have been used, may differ from those posted on the balance sheet that represents the effects of the estimated event, due to the uncertainty that characterizes the assumptions and conditions on which the estimates are based. The categories most affected by the use of estimates and valuations and for which a change in the conditions underlying the assumptions used could have a significant impact on the consolidated financial statements are briefly described below, with reference to the business sectors in which the Group operates.

Impairment of assets

The Group's tangible and intangible assets are impaired at least once a year if they have an indefinite useful life or, more often, if there are events that suggest that their carrying amount may not be recovered. Impairment is determined by comparing the carrying amount with the recoverable amount, which is the higher of fair value less costs to sell and value in use determined by discounting the estimated future cash flows from using the asset less costs to sell. The expected cash flows are quantified in the light of the information available at the time of the estimate, on the basis of subjective judgements regarding future trends in variables – such as prices, costs, the rate of growth of demand – and are discounted using a rate that takes account of the risk inherent to the asset concerned. Goodwill and other intangible assets with an unlimited useful lifespan are not amortized. The recoverability of their carrying value is checked at least annually and whenever events occur which imply a drop in value. Goodwill is tested at the smallest CGU at which management monitors, directly or indirectly, the return on investments in assets that include the goodwill. When the book value of the CGU, including the goodwill attributed to it, exceeds the recoverable value, the difference is subject to impairment, which is allocated first to the goodwill up to its amount. Any excess impairment is allocated pro rata to the book value of the assets which constitute the CGU. To verify the outcome of the impairment procedure, please refer to the specific paragraph in the notes to these consolidated financial statements.

Business combinations

The reporting of business combinations involves the allocation to the assets and liabilities of the acquired company of the difference between the acquisition cost and the net book value of the net assets acquired. For the majority of assets and liabilities, the attribution of the difference is carried out by recognising the assets and liabilities at their fair value. The unattributed portion, if positive, is recognised as goodwill; if negative, it is attributed to the Income Statement. In the allocation process, the management draws on the available information and, for the most significant business combinations, on external valuations.

Medium/long-term share-based incentive plans

The medium/long-term share-based incentive plans require that at the end of each accounting period, the estimate of the number of rights that will vest until maturity be updated. The change in the estimate is recognised as an adjustment to a shareholders' equity reserve, created specifically for incentive plans, with a balancing entry in "Payroll costs".

Disclosure on risks and uncertainties pursuant to article 2428, paragraph 2, point 6-bis of the Italian Civil Code

Risk analysis

As part of its business, the Group is exposed to risks and uncertainties, deriving from exogenous factors connected with the general macroeconomic context or the specific context in the segments in which it operates, as well as to risks deriving from strategic choices or internal operating risks. The identification and mitigation of such risks has been carried out systematically, allowing for the monitoring and timely oversight of the risk levels detected.

Under the scope of the business risks, the main risks identified, monitored and managed by the Group are as follows:

- Risks related to the general economic trend;
- Risks related to the market;
- Risks related to financial operations;
- Risks related to external unlawful acts;
- Reputational risks.

Risks related to the general economic trend and the pandemic

The economic-financial position of the companies belonging to the Group, is influenced by all factors comprising the Italian and international macroeconomic context. In the reference period, there are still general economic uncertainties and regarding Italian and international policy, the effects of which are unpredictable and cannot be easily measured. In Italy, like in other EU countries, the widespread climate of political instability could negatively influence consumer trust, their buying power and spending capacity. Growens has been able to grow and achieve important objectives. However, the possible permanence of national and international conditions of uncertainty and the unpredictable effects of the same, could still have negative impact on the Group's business, following a possible decline in revenues, profitability and cash flows.

For a more detailed analysis, see the notes on the macroeconomic situation at the beginning of this Report.

Market risks

The sectors in which Growens and the Group operate are characterized by rapid technological development and suffer the competitive pressure deriving from the past pace of development of technology. The Group's success depends, amongst other aspects, on the capacity to innovate and strengthen its technologies, in order to respond to the technological progress in the sector in which it operates. The Group may consequently find itself having to cope with a more acute competition by virtue of the emerging technologies and services that may be introduced or implemented in the future. The new technologies, in fact, may limit or reduce the company's business and/or encourage the development and growth of new operators. In particular, the SMS channel or the sending of e-mails could be replaced by other technologies, with the consequence that the Group may not be able to successfully and/or quickly manage any transition to the use of these innovations, although R&D activities are already underway that have already allowed and will allow the integration of Group services with other external systems.

If the solutions offered by the Group should be unable to satisfy the needs of customers and/or respond to technological progress, improvements will need to be made quickly to its technological platforms and ability to develop and introduce new services, new applications and new solutions on the market quickly and at competitive prices. The Group's incapacity to improve, develop, introduce and supply services quickly that are able to satisfy market demands, including in technological terms, may have a negative impact on operating results or may make the services offered by the Group obsolete. In order to maintain its competitiveness on the market, the Group will therefore need to invest further in research and development, with a high capacity to adjust to continue responding to the rapid technological changes and constantly develop the characteristics of its services so as to respond to the changing market demands.

If the Group should be unable to adjust promptly to the technological evolution and/or the introduction of a new technology, negative effects may be seen on the consolidated economic, equity and financial position.

In another part of this same document we have highlighted in detail how constant investment in research, development and innovation of the Group's services is a fundamental strategic guideline along which the Group has always moved, dedicating increasing resources, with the aim of mitigating as far as possible this risk inherent in the market in which we operate.

Risks related to financial operations

Credit risk

The credit risk is determined by the exposure to potential losses deriving from failure by counterparties to fulfil the obligations they have assumed. Credit management is entrusted to the Group finance and administration department, which, on the basis of formalized assessment and appointment procedures of commercial partners, seeks to minimize the risk. The health crisis related to the Covid-19 virus has encouraged the adoption of more stringent procedures for quantifying and controlling client risk. At the same time, customers were supported in the unfavourable economic moment, by offering shared payment extensions and favourable conditions on certain services in order to facilitate the maintenance of long-term business relations. In order to reduce the risk of insolvency deriving from trade receivables, a series of measures has been introduced aiming to encourage the use of electronic payment systems (credit cards, PayPal, Sepa Direct Debit) by customers, for example strengthening and innovating the e-commerce sale system. This choice resulted in the constant growth of collections made by electronic payment systems, improving the quality of trade receivables and reducing the impact of the costs of debt collection.

It must be considered that the financial assets of the Group have a good credit standing.

Liquidity risk

The liquidity risk consists of the impossibility of respecting payment commitments due to difficulties in obtaining funds or liquidating assets on the market. The consequence is a negative impact on the economic results if the Group is forced to incur additional costs to fulfil its commitments or, as an extreme consequence, a situation of insolvency that risks the company as a going concern. At present, also thanks to its admission to trading on the Euronext Growth Milan market (formerly AIM Italia) and the excellent relations with the banking system, the Growens Group enjoys a good level of liquidity and reduced debt, aimed exclusively at growth by external lines, implemented through acquisitions and to support strategic investments, particularly in product research and development.

In order to optimize the management of financial resources, reducing the liquidity risk, the Group has adopted processes for the systematic monitoring of prospective liquidity conditions, in connection with business planning. The Group expects to cope with its financial needs through the flows deriving from operations and cash on hand. Considering the positive trend of sales volumes, which is expected to be maintained in the forthcoming years, it is expected that financial resources can be generated that, together with current funds, will be able to guarantee suitable support for the ordinary and extraordinary investments planned too.

It is therefore considered that the liquidity risk is not significant.

Interest rate risk

The parent company has prudently resorted, from the end of 2015, to the financial leverage through the medium and long-term banking channel, benefiting from the favourable trend of debt costs, to support extraordinary growth operations by external lines and investments related to software development activities and other strategic investments. As at 31 December 2021, consolidated bank debt is Euro 4,546,773, of which Euro 1,068,841 in the short-term, as compared with liquid funds of Euro 13,324,983. Bank indebtedness is the sole responsibility of the parent company. The underlying loan contracts envisage terms and conditions that are in line with market practice. The loans are connected with the risk of interest rate changes, as they are partly negotiated at variable rates. It is not possible to exclude that a rise in interest rates could result in an increase in related financial expenses with consequent negative effects on the economic and financial situation of the company, even if the net prevalence of own financial resources compared to recourse to indebtedness to third parties greatly reduces the possible impact.

Exchange rate risk

There are trade receivables and payables held in foreign currencies by Growens mainly with regards to foreign subsidiaries, as well as marginal amounts for trade payables and receivables in foreign currencies with third-party suppliers and customers. The companies relating to the subsidiary MailUp Nordics, in particular Globase, operate on the Danish and Northern European market and the consolidated assets and liabilities on these financial statements are originally held in Danish Krone. The Danish Krone/Euro exchange rate is extremely stable and historically oscillates only minimally. Also for the American subsidiary BEE Content Design Inc., which has much more significant volumes of operations, the values subject to consolidation are denominated in foreign currencies, in particular in USD, which in the year 2021 underwent significant fluctuations. Exposure to risks related to exchange rate fluctuations is deemed to be limited and linked to the Euro/Dollar area, in relation to the growth in business volumes of BEE and the unfavourable fluctuations of the Dollar. For this reason, the Finance function within the Holding regularly monitors the trend of the risk and resorts to hedging operations in order to limit possible negative effects deriving from extremely unfavourable developments in the Euro/Dollar exchange rate.

Risk of recovery of impaired assets

The risk of recovering the value of the assets held by the Group refers to the economic and financial performance of the consolidated companies and the capacity to produce sufficient cash flow to guarantee recovery of the investment value. This risk is monitored by the management through the regular verification of economic results, including under the scope of specific valuation procedures, such as, for example, by carrying out impairment tests at least once a year.

Risks related to external unlawful acts

With reference to this category, among the main potential risks, fraudulent events related to Cyber attacks were highlighted. These risks may cause the possible slowdown or interruption of the services provided by the Group and compromise the confidentiality of personal data related to these services, as well as damage the Group's commercial reputation. All these assumptions could have a negative, even significant, economic and financial impact. In order to mitigate the risk of the occurrence of such situations, the Growens Group has implemented and is investing increasingly significantly in strengthening a system of controls aimed at improving the Group's IT security, both through external consultants with proven experience and reliability, but above all by introducing managerial figures within its workforce with high professionalism and specific skills, as occurred in 2021 with the appointment of the Group Cyber Security Manager.

Reputational and Corporate Social Responsibility (CSR) risks

In carrying out its business, the Group may be subject to worsening of the perception of trust and reputation by its stakeholders due to the dissemination of prejudicial news or failure to meet the sustainability requirements defined in the CSR Report with reference to the economic, environmental, social and product aspects.

Significant events after the end of the fiscal year

The health emergency from Covid-19, after its disruptive impact last year particularly during the period of the first lockdown, appears to be headed toward a path of normalization domestically and internationally, albeit with some variances that have raised concerns during 2021 and to some extent during this early phase of 2022. In the first months of 2022, a further factor of uncertainty was added, represented by the Russian-Ukrainian crisis, which led to armed conflict and the dramatic consequences for Ukrainian civilians that we are experiencing in these days. These events, in particular the latter, are contributing to maintaining a high climate of volatility on international financial markets, to abnormally amplifying the rise in inflation, especially linked to the costs of energy and oil products, and consequently to slowing down the global economic recovery that characterized 2021. Despite its growing international presence, the Group does not maintain significant relations with economic operators in the conflict area, especially those from Russia. In any case, attention remains high on possible repercussions, especially at an international macroeconomic level and on possible negative effects of an economic nature, on the Growens business in order to activate monitoring and reaction mechanisms in a timely and effective manner.

On 11 January 2022, the Company reported certain key performance indicators (KPIs) and data of a purely managerial nature for its two business lines, SaaS (Software-as-a-Service) and CPaaS (Communication-Platform-as-a-Service). Specifically, ARR (Annual Recurring Revenue) is a measure calculated by adding up the annual subscription fees active in a given month and not cancelled. In the case of monthly fees, the value is annualized (multiplied by 12). Fees represent recurring sales: this item does not include sales of professional services, SMS traffic and other services sold on a one-time basis, while it does include usage fees such as API calls, image hosting and additional users who have recurring behaviour. The ARR is therefore not a historical figure, but a proxy for the ability of the business to generate income in a prospective view.

Consistent with the above, motivated by the Group’s intention to ensure maximum transparency on its activities, and responding to a need that the most sophisticated investors have been expressing for some time, on 20 January 2022, the Company proceeded to publish some key performance indicators (KPIs) and data of an exclusively managerial nature for the Business Units. These indicators include some of the key metrics in use in the industry for evaluating SaaS (Software-as-a-Service) businesses, specifically:

- MRR (Monthly Recurring Revenues) and ARR (Annual Recurring Revenues), which are monthly and annual recurring sales (subscription fees for various services), respectively;

- LTV (Life Time Value), an estimate of the average aggregate gross contribution margin of customers over the life cycle;
- NRR (Net Revenue Retention), which is a measure of the growth/loss of revenue from the existing customer base for the company in a given time period, as a result of the combination of expansion (upgrades), contraction (downgrades) and churn (abandonment);
- Payback Period, which is the average time (in months) in which the revenue from a newly acquired customer evens out the acquisition costs (marketing and sales) and the cost of providing the service (COGS).

The KPIs, which will be updated quarterly, are available on the Company's website in the pages dedicated to the Business Units as well as in the corporate presentation, available in the Investor Relations/Presentations section.

On 08 February 2022, Growens announced the creation of the Cagliari Innovation Lab, a new research and development center dedicated to digital and technological innovation, the result of the collaboration between Growens, CREA, the center for innovation and entrepreneurship of the University of Cagliari, and The Net Value, the community of innovators founded in 2009 to support innovation and digital entrepreneurship in the Sardinia territory. The Lab, in addition to hosting the new local headquarters of Growens, will have the objective of giving an important contribution to the creation of training paths for digital professions and to the identification of figures that can fuel the growth of the Group not only through the enhancement of new local talents but also through the attraction of specialized professional figures at international level.

On 21 February 2022, the Company announced the launch by subsidiary Datatrics of the freemium version of its predictive marketing platform using artificial intelligence. Datatrics is the first Customer Data Platform (CDP) in the world to introduce the ability to create a free account and explore its cutting-edge features, in the broader context of the Growens Product-Led approach, which sees its Business Unit products as the strategic driver of business growth and expansion. Growens aims to increase accessibility to innovative technology products, opening up to the vast pool of small to medium-sized companies currently excluded from using sophisticated hyper personalization tools to build and manage successful marketing campaigns, due to out-of-reach costs and complexity.

Outlook

The Group intends to continue to develop its business and services thanks to the profitable growth process already in place, in order to successfully gain standing and strengthen its position in the reference sector. To this end, in particular, the aim is to proceed with the following:

- expansion of the already rich and diversified range of modules and technological solutions offered to digital marketing professionals through the strengthening of existing tools and the inclusion of innovative features oriented to concepts such as:
  - Customer Data Platform;
  - Data driven omni-channel marketing orchestration;
  - Marketing automation;
  - Personalization / Hyper-personalization;
  - Web page / Landing page editor;
  - Chatbot engine for conversational campaigns (details here: https://help.datatrics.com/en/articles/3512681-conversational-campaigns);
- strengthening the ARPU (Average Revenue Per Unit) and the perception by the market of the uniqueness of the Group's offer compared to that of its competitors, through the introduction of new services and changes to its pricing policies;
- introduction of Datatrics in markets in which the Group already operates, starting with Italy, Denmark and Latin American countries, starting with the MailUp customer base but also through the indirect channel, starting with the sectors where Datatrics is most specialized: e-commerce, retail, travel and hospitality;
- introduction of Datatrics into new markets: Sweden, Norway, Germany and possibly France, mainly through the indirect channel;
- expansion of the reference market to include geographical areas not yet covered and acquisition of technological know-how through M&A transactions of strategic shareholdings in the Marketing Technology ecosystem;
- continuation of the process of expanding integrations with third-party applications, offering users and external developers the possibility to connect and synchronize the platform with external databases, CRM, CMS, e-commerce and other software;
- strengthening of intra-group synergies through the cross-fertilization of knowledge among Group companies and in particular:
  - sharing best practices, experiences and skills;
  - maintaining an unbundled approach to better meet the different needs of segments and/or markets;
  - exploitation of commercial synergies through the sharing of opportunities between the different business units of the Group;
- investment in improving the UX (user experience) of the Group's solutions, not only in terms of improving the relationship with the customer (customer care, customer success and technical support) but also in terms of the application interfaces in order to simplify the usability of the software, improve the conversion rate and reduce the churn rate;
- strengthening of the competitive positioning of BEE Plugin by launching a Platform that enables third-party companies to develop Add-on widgets that can be inserted in the

BEE editor, such as count-down timer applications, dynamic maps, live weather or dynamic QR codes. This will provide end customers with greater flexibility, enabling them to integrate BEE within their own internal systems, while partner companies will be able to leverage the large BEE customer base to convey their solutions. More information on this page: https://docs.beefree.io/addons/;
- development of a community of web designers that can create and publish their own templates in the BEEfree.io catalogue, both free of charge in exchange for visibility and for a fee. This will make it possible to expand the e-mail templates catalogue in a scalable manner, with a positive effect on positioning in search engines and to increase the competitive advantage.

Organization and management models pursuant to Legislative Decree no. 231/2001

In compliance with the provisions of Legislative Decree no. 231 of 8 June 2001 (Discipline of the administrative responsibility of legal entities, companies and associations also without legal personality), in 2015, Growens adopted its own organizational model and its own code of ethics meeting the requirements of the Decree. In collaboration with professionals with proven experience, in the course of the last months of 2017, a complex process of internal audit and revision began, concluding with the approval by the Board of Directors on 15 May 2018 of a new Organizational Model and a new Code of Ethics. On the same date, the administrative body also appointed the Lawyer Gabriele Ambrogetti as the company's single-member Supervisory Body, which, at the end of the first term of office, has been confirmed once again until approval of the financial statements as at 31 December 2023. During the term of office, and on a periodic basis, the Supervisory Body meets with the Board of Statutory Auditors and the independent auditors in order to share information flows and the results of their respective activities.

Following the amendment of article 6 of Legislative Decree No. 231 of 08 June 2001, introduced by article 2 of Law No. 179/2017, which included within the scope of Legislative Decree 231/2001 the discipline of the protection of reporting subjects against illicit acts or irregularities of which they have become aware by reason of the functions carried out within a private working relationship, adding three new paragraphs to article 6 (relating to indications on the content of organizational models) that provide specific indications on the organizational models that must include:

- specific information channels dedicated to reporting;
- prohibition of retaliatory or discriminatory acts against the whistleblower;
- inclusion within the disciplinary system of the organizational model of sanctions against those who violate the measures for the protection of the reporting party, as well as

those who make reports that turn out to be unfounded with malice or serious misconduct;

the Supervisory Body has deemed it appropriate to prepare a Company Whistleblowing Procedure, which has been shared with employees and made available on the company website. Subsequently, following the recent European Directive on Whistleblowing (2019/1937) in force as of 17 December 2021, the procedure was updated by incorporating the new standards of protection introduced in favour of “whistleblowers”.

The Supervisory Body also updated the Model in consideration of the recommendations that emerged in the audit report relating to the checks carried out in 2020 and also checked the special parts of the Model referring to offences of receiving stolen goods, money laundering and use of money, goods or utilities of illegal origin, as well as self-laundering and computer crimes and unlawful data processing, in addition to carrying out a follow-up on the results of the verification activities carried out in previous years; the outcome of which showed that the protocols adopted are reasonably adequate and effective in mitigating the risks relating to the commission of the alleged offences, although proposals were made to modify some protocols following the need to update them in order to better describe the Company’s actual operations. Furthermore, the Model was then updated in light of the provisions of article 25 octies.1 of Legislative Decree 231/2001, which governs the “Crimes relating to payment instruments other than cash”, which is not relevant for the Company, as well as for the amendments made - at the level of tightening the penalties for the underlying crimes - to article 25 octies by Legislative Decree no. 195 of 8 November 2021.

Personal data processing

Due to the characteristics of its business, which requires the utmost correctness and attention in the processing of data, Growens has always been particularly sensitive to issues of Data Protection. In fact, the Group has also for years been assisted by legal advisors of proven competence and experience, on both national and international level, on these matters.

In particular, in order to improve the management of the Company’s business and, more generally, of the activities of the Group to which it belongs, a Data Protection Officer has been appointed, who is a highly qualified, independent figure with experience in the field of personal data protection, to carry out this function for the entire Group to which the Company belongs (the “**DPO**”).

Moreover, a “Personal Data Protection Organizational Model” (the “**Model**”) was also prepared as a tool to align the Company and Group policies and demonstrate that personal data processing is carried out in accordance with GDPR. The Model has been localized on all

Group companies and reflects the position they want to adopt in relation to the processing of personal data, containing policies and procedures aimed at establishing a comprehensive internal framework on the processing of personal data - rules, standards and guidelines to be followed by employees and staff - but also to demonstrate the various measures implemented by the Group to comply with the various applicable privacy and data protection laws. In particular, the objective of the Model is to ensure a coherent and solid level of protection of personal data processed in the context of the activities carried out by Group companies, regardless of where said activities may take place. In addition to policies and procedures that cover all relevant aspects and obligations that must be considered by the Company in the processing of personal data, the Model also includes various operational documents - such as models, questionnaires, assessment tools and fact sheets - to assist employees and staff of the Company in daily operations.

During 2021, the documents that make up the Model were updated in relation to the change of name of the Company (from MailUp S.p.A. to Growens S.p.A.), to regulatory updates applicable to the companies of the Group (e.g. guidelines on cookies adopted by the various Control Authorities on the basis of which it was necessary to update the cookie banner and the cookie policy) and to the new personal data processing initiatives carried out by the company in its capacity as Data Controller or Data Processor.

Thank you for the trust placed in us.

Milan, 22 March 2022

The Chairman of the Board of Directors

Matteo Monfredini

5. Group consolidated financial statements as at 31/12/2021

CONSOLIDATED FINANCIAL STATEMENTS AS AT 31/12/2021

	Notes	31/12/2021	31/12/2020	Change	Ch. %
Tangible fixed assets	1	1,451,491	1,700,842	(249,351)	(14.7%)
Right of Use	1	3,168,182	3,701,056	(532,874)	(14.4%)
Intangible fixed assets	2	6,855,106	5,109,145	1,745,961	34.2%
Goodwill	3	15,405,497	16,556,177	(1,150,680)	(7.0%)
Equity investments in associates and joint ventures	4	99,109	122,976	(23,867)	(19.4%)
Other non-current assets	5	1,314,751	848,259	466,492	55.0%
Deferred tax assets	6	1,524,097	1,191,131	332,966	28.0%
Total non-current assets		**29,818,234**	**29,229,588**	**588,646**	**2.0%**
Receivables from customers	7	12,465,270	10,354,302	2,110,968	20.4%
Other current assets	8	2,468,920	5,142,622	(2,673,702)	(52.0%)
Financial assets AFS	9	0	195	(195)	(100.0%)
Cash and cash equivalents	10	13,324,983	9,866,364	3,458,619	35.1%
Total current assets		**28,259,173**	**25,363,483**	**2,895,690**	**11.4%**
Total assets		**58,077,407**	**54,593,071**	**3,484,336**	**6.4%**
Share capital	11	374,276	374,276	0	0.0%
Reserves	12	16,775,315	16,343,604	431,711	2.6%
Profit (Loss) for the period		387,098	564,927	(177,830)	(31.5%)
Minority shareholder's equity		(6,086)	0	(6,086)	100.0%
Total equity		**17,530,603**	**17,282,807**	**247,796**	**1.4%**
Payables to banks and other financiers	13	3,477,932	3,383,214	94,718	2.8%
Liabilities RIGHT OF USE long-term	13	2,300,390	2,696,519	(396,129)	(14.7%)
Other non-current liabilities	14	2,000,000	3,000,000	(1,000,000)	(33.3%)
Provisions for risks and charges	15	221,667	88,667	133,000	150.0%
Provisions for personnel	16	2,265,831	1,983,682	282,149	14.2%
Deferred taxes	17	715,135	542,303	172,831	31.9%
Total non-current liabilities		**10,980,955**	**11,694,386**	**-713,431**	**(6.1%)**
Trade and other payables	18	14,188,380	11,795,918	2,392,463	20.3%
Payables due to associated company	18	2,000	31,220	(29,220)	(93.6%)
Due to banks and other lenders short term	19	1,234,624	985,500	249,123	25.3%
Liabilities RIGHT OF USE short-term	20	998,388	1,029,099	(30,711)	(3.0%)
Other current liabilities	21	13,142,457	11,774,140	1,368,317	11.6%
Total current liabilities		**29,565,850**	**25,615,877**	**3,949,972**	**15.4%**
Total Liabilities		**58,077,407**	**54,593,071**	**3,484,337**	**6.4%**

	Notes	31/12/2021	%	31/12/2020	%	Change	Ch. %
SaaS Revenues	22	26,089,735	36.6%	23,673,265	36.3%	2,416,470	10.2%
CPaaS Revenues	22	44,070,048	61.9%	40,028,068	61.4%	4,041,980	10.1%
Other Revenues	22	1,077,179	1.5%	1,532,255	2.3%	(455,076)	(29.7%)
Total Revenues		71,236,961	**100.0 %**	**65,233,588**	**100.0%**	6,003,372	**9.2%**
Cost of Goods Sold	23	47,436,618	66.6%	43,879,717	67.3%	3,556,901	8.1%
Gross Profit		23,800,343	**33.4%**	21,353,872	**32.7%**	2,446,472	**11.5%**
Sales & Marketing costs	24	7,323,997	10.3%	6,402,060	9.8%	921,938	14.4%
Research & Development Opex	25	**3,175,065**	4.5%	**2,881,405**	4.4%	293,661	10.2%
Research & Development Capex		(2,661,338)	*(3.7%)*	(1,868,113)	*(2.9%)*	(793,225)	*42.5%*
Research & Development costs		5,836,403	*8.2%*	4,749,518	*7.3%*	1,086,886	*22.9%*
General & Admin Costs	26	8,099,937	11.4%	6,981,703	10.7%	1,118,234	16.0%
Total Costs		18,599,000	**26.1%**	**16,265,167**	**24.9%**	2,333,833	**14.3%**
Ebitda		5,201,344	**7.3%**	**5,088,705**	**7.8%**	**112,639**	**2.2%**
General Depreciation Costs	27	344,028	0.5%	433,251	0.7%	(89,223)	(20.6%)
Right of Use Amortization Costs	27	1,188,778	1.7%	1,096,314	1.7%	92,464	8.4%
R&D Amortization Costs	27	2,385,842	3.3%	2,024,675	3.1%	361,166	17.8%
Amortization & Depreciation	27	150,666	0.2%	154,510	0.2%	(3,844)	(2.5%)
Amortization & Depreciation		4,069,313	**5.7%**	**3,708,750**	**5.7%**	**360,563**	**9.7%**
Ebit		1,132,031	**1.6%**	**1,379,955**	*2.1%*	**(247,924)**	**(18.0%)**
Net financial income/(charges)	28	(49,653)	(0.1%)	(178,809)	(0.3%)	129,155	(72.2%)
Ebt		1,082,377	**1.5%**	**1,201,146**	**1.8%**	**(118,769)**	**(9.9%)**
Current Income Taxes	29	(848,723)	(1.2%)	(565,811)	(0.9%)	(282,912)	50.0%
Deferred Taxes	29	134,955	0.2%	(70,407)	(0.1%)	205,362	(291.7%)
Net Profit (Loss)		368,608	**0.5%**	**564,927**	**0.9%**	**(196,319)**	**(34.8%)**
Group profit (loss)		***387,098***	***0.5 %***	***564,927***	***0.9 %***	***(177,830)***	***(31.5%)***
Minority interest profit (loss)		***(18,489)***	***(0.0%)***			***(18,489)***	***100.0%***
Other items of the statement of comprehensive income							
Profit/(loss) that will not be subsequently reclassified to the year result							
Actuarial profit/(loss) net of the tax effect		(59,245)	(0.1%)	(63,666)	(0.1%)	4,421	(6.9%)
Profit/(loss) that will be subsequently reclassified to the year result							
Profit/(loss) from the conversion of consolidated companies statements in currencies other than euro		(45,715)	(0.1%)	54,709	0.1 %	(100,424)	(183.6%)
Comprehensive year profi/(loss)		**263,648**	**0.4 %**	**555,970**	**0.9 %**	**(292,322)**	**(52.6%)**
Earnings:							
per share	30	0.0261		0.0380			
Diluted earnings	30	0.0246		0.0368			

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Figures in euros	31/12/2020	Allocation of Growens results	Share capital increase	Change to share premium reserve	Purchase of own shares	Use of Own Share for MBO	Comprehensive IS Result	Stock Option Plan	Profit/(loss) carried forward	Period result	31/12/2021
Share capital	374,276										374,276
Share premium reserve	12,753,906										12,753,906
Legal reserve	80,000										80,000
Extraordinay reserve	5,613,856	1,753,193									7,367,050
Reserve for tresaury stock	(582,609)				(440,757)	308,641					(714,725)
Reserve for exchange rate gains	19,030								(19,030)		(0)
Profit/(loss) carried forward	(829,773)	564,927							(1,708,786)		(1,973,633)
Stock option reserve	70,468							113,900			184,368
OCI reserve and translation	(300,892)						(140,375)				(441,269)
FTA reserve	(613,449)										(613,449)
Merger reserve	133,068										133,068
Period result	564,927	(564,927)								387,098	387,098
Shareholders' equity	**17,282,808**	**1,753,193**	**-**	**-**	**(440,757)**	**308,641**	**(140,375)**	**113,900**	**(1,727,816)**	**387,098**	**17,536,689**

Figures in euros	31/12/2019	Allocation of Growens results	Share capital increase	Change to share premium reserve	Purchase of own shares	Use of Own Share for MBO	Comprehensive IS Result	Stock Option Plan	Profit/(loss) carried forward	Period result	31/12/2020
Share capital	374,276										374,276
Share premium reserve	12,753,906										12,753,906
Legal reserve	80,000										80,000
Extraordinay reserve	3,417,944	2,195,913		-							5,613,856
Reserve for tresaury stock	(259,023)				(445,040)	121,454					(582,608)
Reserve for exchange rate gains	7,945								11,085		19,030
Profit/(loss) carried forward	220,279	1,150,036							(2,200,087)		(829,772)
Stock option reserve	0							70,468			70,468
OCI reserve and translation	(291,866)						(9,027)				(300,894)
FTA reserve	(613,449)										(613,449)
Merger reserve	133,068										133,068
Period result	1,150,036	(1,150,036)								564,927	564,927
Shareholders' equity	**16,973,114**	**2,195,913**	**-**	**-**	**(445,040)**	**121,454**	**(9,027)**	**70,468**	**(2,189,001)**	**564,927**	**17,282,808**

CONSOLIDATED CASH FLOW STATEMENT

Consolidated Cash Flow statement -amounts in euro	31/12/2021	31/12/2020
Period profit/(loss)	368,608	564,927
Income tax	848,723	565,811
Prepaid/deferred tax	(134,955)	70,407
Interest expense/(interest income)	103,873	42,545
Exchange (gains)/losses	(54,219)	136,264
(Dividends)		
1 Year profit/(loss) before income tax, interest, dividends and capital gains/losses on disposals	**1,132,031**	**1,379,955**
Value adjustments for non-monetary elements that have no equivalent item in net working capital:		
Provisions for TFR	573,742	456,157
Other provisions	280,709	221,754
Amortisation and depreciation of fixed assets	3,770,938	3,412,025
Write-downs for permanent losses in value	150,666	154,510
Other adjustments for non-monetary items	(501,653)	146,484
2 Cash flow before changes in NWC	**5,406,433**	**5,770,885**
Changes to net working capital		
Decrease/(increase) in trade receivables	(2,110,968)	937,234
Increase/(decrease) in trade payables	2,363,243	(1,136,467)
Decrease/(increase) in accrued income and prepaid expenses	(570,357)	(138,199)
Increase/(decrease) in accrued liabilities and deferred income	1,009,805	337,683
Increase/(decrease) tax receivables	2,211,825	(992,972)
Increase/(decrease) tax payables	(81,808)	406,154
Increase/(decrease) other receivables	665,356	608,934
Increase/(decrease) other payables	664,464	(1,352,068)
3 Cash flow after changes in NWC	**9,557,993**	**4,441,183**
Other adjustments		
Interest collected/(paid)	(8,579)	3,237
(Income tax paid)	(442,429)	(70,247)
(Gains) / losses arising from the sale of current assets		
Dividends collected		
(Use of provision)	(222,994)	(190,822)
4 Cash flow after other adjustments	**8,883,990**	**4,183,351**
A Cash flow from operations	**8,883,990**	**4,183,351**

Tangible fixed assets	(188,992)	(374,629)
(Investiments)	(188,992)	(374,629)
Intangible fixed assets	(3,889,778)	(2,663,740)
(Investiments)	(3,889,778)	(2,663,740)
Divestment realisation price		
Financial fixed assets	(10,195)	(3,444)
(Investiments)	(10,195)	(3,444)
B Cash flow from investments	**(4,088,965)**	**(3,041,813)**
Minority interest funds	(1,204,291)	101,722
Increase (decrease) in short-term payables to banks	96,382	(31,473)
Stipulation of loans	698,084	2,112,521
Repayment of loans	(1,998,757)	(1,979,326)
Own funds	(132,116)	(323,585)
Capital increase by payment		
Sale (purchase) of treasury shares	(132,116)	(323,585)
C Cash flow from loans	**(1,336,407)**	**(221,863)**
Increase (decrease) in liquid funds (A ± B ± C)	3,458,619	919,675
Initial cash and cash equivalents	9,866,364	8,946,689
Final cash and cash equivalents	13,324,983	9,866,364
Change in cash and cash equivalents	3,458,619	919,675

6. Explanatory Notes to the Consolidated Financial Statements as at 31 December 2021

General information

The Growens Group (hereinafter also the "Growens Group" or the "Group"), formerly MailUp Group, is a vertically integrated operator active in Cloud Marketing Technologies (MarTech), a sector in significant expansion and evolution, and offers a wide range of solutions to its customers, with particular focus on messaging and data-driven and multi-channel marketing automation. The Group's core business is represented by the development and sale of (i) technologies for the mass sending of e-mails and mobile messaging, in particular through the SMS channel, for marketing and transaction purposes, (ii) sophisticated e-mail and landing page editing tools, (iii) AI-based innovative solutions in marketing technologies (Predictive Marketing), in addition to (iv) professional consulting services in these areas. The parent company Growens S.p.A. (hereinafter "Growens") has developed a multi-channel Software-as-a-Service (SaaS) platform (e-mail, newsletter, SMS and messaging apps) of cloud computing for the professional management of digital marketing campaigns called MailUp used by over 9,200 direct customers, in addition to over 16,000 customers of the other 4 business units and over 280,000 customers of the free editions of various services, in particular offered by BEEfree.io. At consolidated level, the Group operates with about 26,000 customers distributed in about 140 countries and is present with its offices on three continents with a staff of over 250 employees. After admission to trading of the ordinary shares in 2014 on the Euronext Growth Milan market (formerly AIM Italia) operated by Borsa Italiana, Growens added to the organic growth a development path for external lines, acquiring established and emerging businesses in the same market segment or complementary businesses: Acumbamail (Spanish market and LatAm), Globase (Nordics market), Agile Telecom (SMS wholesale market) and Datatrics (artificial intelligence).

Accounting standards

Criteria for the preparation of the Group consolidated financial statements

In accordance with article 4 of Legislative Decree no. 38 of 28/02/2005, which regulates the exercise of options envisaged by article 5 of Regulation (EC) no. 1606/2002 of the European Parliament and Council of 19/07/2002 relative to the application of international accounting standards, the parent company has exercised the faculty to voluntarily adopt the international financial reporting standards (hereinafter also referred to as the IFRS), issued by the International Accounting Standards Board (IASB) and approved by the European Commission for the preparation of its consolidated financial statements starting from the year ended 31/12/2016. The term IFRS is used to refer to the new International Financial Reporting Standards, the revised International Accounting Standards (IAS) and all interpretations of the International Financial Reporting Interpretations Committee (IFRIC), previously known as the Standing Interpretations Committee (SIC).

Please note that the IFRS accounting standards applied in drafting the financial statements closed as at 31/12/2021 are those in force on that date and are compliant with those adopted for preparing the financial statements as at 31/12/2020, with the exception of as outlined in the paragraph “Amendments to accounting standards”.

For the purpose of preparing the accounting schedules, prevalence is given to the economic substance of transactions rather than to their legal form.

With reference to IAS 1, paragraphs 25 and 26, the Directors confirm that, in view of the economic prospects, the capitalisation and financial position of the Company, there is no uncertainty as the fact that the Group can operate as a going concern and that, consequently, in preparing the financial statements as at 31/12/2021, it should adopt accounting standards precisely under these terms.

In 2019, the requirements set forth in article 27 of Legislative Decree no. 127/1991 were met for the second year in a row, triggering the obligation to draft consolidated financial statements, previously prepared on a voluntary basis. As the parent company of subsidiaries, strictly linked in terms of the creation of value within the Group business and in connection with the AIM Italia Issuers’ Regulation, Growens has in any case prepared the consolidated annual financial statements already since 2014.

These consolidated financial statements are subject to limited voluntary auditing by BDO Italia S.p.A., under the appointment made upon it for the period 2020-2022.

Consolidation standards applied in preparing the consolidated financial statements

The consolidated financial statements have been prepared consolidating the financial statements of the parent company on a line-by-line basis, and those of all companies in which the company directly or indirectly holds the majority of voting rights as at 31/12/2021 (line-by-line consolidation).

Companies are defined as subsidiaries when the parent company has the power, directly or indirectly, to manage them so as to obtain benefits from the exercise of said activities. The financial statements of subsidiaries are consolidated as from the date on which the Group acquires control of such and deconsolidated as from the date on which said control ceases.

According to the provisions of IFRS 3, the subsidiaries acquired by the Group are accounted for according to the acquisition method (purchase account).

The cost of acquisition corresponds to the current value of the assets acquired, shares issued or liabilities assumed as at the date of acquisition.

For the investment in the associated company, which is not very significant within the Group, it was decided to maintain the valuation at 31/12/2020 unchanged.

In preparing these consolidated financial statements, the items of the assets and liabilities, as well as income and expenses of the businesses included in the consolidation area, have been stated on a line-by-line basis.

The following have then been eliminated:

- the book value of the investments held by the parent company in subsidiaries included in the consolidation area and the corresponding portions of the companies' equity;
- intra-group financial and trade receivables and payables;
- income and expenses relating to transactions implemented between consolidated companies;
- dividends distributed between Group companies;
- intra-group guarantees;
- the surplus acquisition cost with respect to the current value of the shares pertaining to the Group of the equity investments, is booked amongst the assets as goodwill. Any negative goodwill is booked on the income statement;
- any portions of shareholders' equity and the period result pertaining to minority shareholders are highlighted separately, respectively in a specific item of the consolidated balance sheet and income statement.

the tax effects deriving from the consolidation adjustments made to the financial statements of the companies consolidated are booked, where necessary, to the provision for deferred tax or prepaid tax assets.

Subsidiaries consolidated on a line-by-line basis

The line-by-line consolidation concerned the shareholdings of the companies listed below, for which the parent company directly holds control:

Company name	City or Country	Share capital in euros	Shareholders' equity	Net profit/(loss)	% held.	Book value
Bee Content Design Inc	USA	43,295	(121,763)	(369,941)	95,24	752,229
Acumbamail SL	Spain	4,500	414,774	337,897	100	1,102,435
Mailup Nordics A/S	Denmark	67,001	640,597	(150,790)	100	640,582
Agile Telecom S.p.A.	Carpi (MO)	500,000	2,428,294	1,448,265	100	8,827,029
Datatrics B.V.	The Netherlands	999	(2,880,383)	(873,089)	100	5,817,584
						17,139,860

For detailed information on the activities carried out by the subsidiaries and the strategic role within the Growens Group, please consult the Report on Operations part of this Consolidated Report in the section "The Group".

The consolidated annual financial statements all refer to the closing date of the parent company corresponding to 31/12/2021.

Criteria for converting financial statements not prepared in Euros

The conversion of financial statements of subsidiaries denominated in currencies other than the Euro, Bee Content Design INC and MailUp Nordics, including the Danish sub-subsidiary Globase International, is carried out by adopting the following procedures:

- the assets and liabilities have been converted at exchange rates current as at 31/12/2021;
- the items of the Income Statement have been converted at average exchange rates for FY 2021;
- the emerging exchange differences have been debited or credited to a specific reserve of consolidated equity named "Reserve from conversion differences";
- equity items are converted at historical exchange rates on the date of the first consolidation;
- where such exists, goodwill and adjustments to fair value connected with the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and converted at the exchange rate in force on the date of first consolidation.

The following are the exchange rates used:

	Exchange rate as at 31/12/2020	Average exchange rate 2020	Exchange rate as at 31/12/2021	Average exchange rate 2021
US Dollar	1.2271	1.1413	1.1326	1.1835
Danish Krona	7.4409	7.4544	7.4364	7.4371

Source http://cambi.bancaditalia.it

Financial statements and alternative performance indicators (API)

The tables of the financial statements used have the following characteristics:

a) on the Statement of Financial Position, the assets and liabilities are stated in increasing order of liquidity; an asset/liability is classified as current when it meets one of the following criteria:

- it is expected to be realized/extinguished or expected to be sold or used in the normal operative cycle;
- it is mainly held for trading;
- it is expected to be realized/extinguished within 12 months of year end.

If none of these three conditions is met, the assets/liabilities are classified as not current;

b) In the Income Statement, the positive and negative items of income are stated according to destination for the previous year. Starting from the first half of 2021, the consolidated Income Statement reports include details of revenues broken down by the two main strategic business areas, i.e. SaaS and CPaaS, rather than by product line (e-mail , SMS, Predictive Marketing), in order to (i) provide a better representation of the respective operating logics, which are homogeneous within them in terms of type of business model, go-to-market, KPIs (Key Performance Indicators) and financial parameters; (ii) provide information that better reflects the Group's management logic and strategic decisions; (iii) simplify reporting with a view to greater comprehensibility and comparability with international standards. This choice is dictated by the greater ease of reading and comparability with respect to the financial statements of the other players in the same sector.

The strategic business area SaaS (Software-as-a-Service) includes services provided to customers through platforms accessible in the cloud, used on the basis of multi-period contracts, mainly with recurring fees/subscriptions. At the Business Unit level, it amalgamates revenues from the MailUp platform marketed by Growens, including revenues from messaging services sent via the SaaS platform to its typically retail customers, from the Bee Content Design Inc BEE editor, and from its subsidiaries Acumbamail and Datatrics. The strategic business area CPaaS (Communication-Platform-as-a-Service) covers all messaging services provided on a wholesale basis via API, in particular provided by Agile Telecom.

Costs are divided into four macro areas: Cost of Goods Sold (COGS), or costs of providing the Group's core services, and costs relating to the main operating areas, Sales and Marketing (S&M), Research and Development (R&D), in addition to General Costs (G&A) for administrative and structure expenses. In order to provide a management representation more in line with the current business situation and an easier comparison of the dynamics of costs related to human resources of the COGS, S&M and R&D macro-areas, the previous location of some departments adopted in the comparison period ended on 31/12/2020 has been aligned with the current structure, retrospectively updating the same data. Depreciation and amortization is also related to the different business areas. The section analysing the contents of the Income Statement items illustrates in more detail the criteria followed in the economic reclassification adopted. Also for the purposes mentioned above, reference was made to EBITDA (Earnings Before Interest Taxes Depreciation Amortization), an economic value not defined in the IAS/IFRS accounting standards representative of an Alternative Performance Indicator (API), equal to the operating result net of tangible and intangible depreciation and amortization;

c) the Other Comprehensive Income highlights all changes to Other comprehensive profits/(losses) occurring during the period, generated by transactions other than those implemented with shareholders and in accordance with the specific IAS/IFRS accounting standards. The Company has chosen to show said changes in a separate statement with respect to the Income Statement. Changes in Other comprehensive profits/(losses) are stated net of the related tax effects, separately identifying, in accordance with IAS 1R in force as from 1 January 2013, the components intended to be reversed on the Income Statement in subsequent years and those for which there is no provision for any reversal on the Income Statement;

d) the Statement of Changes in Equity, as required by international accounting standards, provides separate evidence of the period result and all other changes not carried on the Income Statement, but instead allocated directly to Other comprehensive profits/(losses) on the basis of specific IAS/IFRS accounting standards and transactions with shareholders in their capacity as shareholders;

e) the Cash Flow Statement is prepared applying the indirect method.

Measurement criteria

The measurement criteria adopted by the Group, based on IAS/IFRS accounting standards, are consistent and substantially unchanged with respect to those applied in the annual financial statements as at 31/12/2020, with the exception of the new accounting standards adopted as of 2021. For detailed information in this regard, reference should be made to the same paragraph of the Growens separate notes, which are an integral part of these financial statements.

Disclosure on the book value of financial instruments

In order to provide information capable of illustrating the exposure to financial risks, the information provided by the companies regarding the fair value measurement of financial instruments, as required by accounting standard IFRS 7, is of great importance.

The fair value hierarchy has three levels:

- level 1: if the financial instrument is listed on an active market;
- level 2: if the fair value is measured on the basis of valuation techniques based on parameters observable on the market, other than the prices of the financial instrument;
- level 3: if the fair value is calculated on the basis of valuation techniques based on parameters not observable on the market.

For details on the composition of the items highlighted above, please refer to the specific explanatory notes provided below in this document.

Contingent liabilities

At present, there are no legal or tax disputes that require the recognition of contingent liabilities in the context of Group companies.

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(Amounts in Euro)	Book value	Fair value	Fair value hierarchy
Other financial assets			
Other non-current financial assets	1,314,751	1,314,751	Level 3
Other current financial assets			Level 1

NOTES ON THE EQUITY, FINANCIAL AND ECONOMIC STATEMENTS

Assets

Non-current assets

Tangible assets (1)

31/12/2020	31/12/2021	Changes
1,700,842	1,451,491	(249,351)

Plants and machinery

	31/12/2020	31/12/2021	Changes
Plants and machinery	72,680	41,470	(31,210)
Other assets	1,628,162	1,410,021	(218,141)
Total	**1,700,842**	**1,451,491**	**(249,351)**

“Other assets” include:

- expenses for the purchase of office furniture and furnishings for Euro 344,160, net of period depreciation;
- expenses for the purchase of electronic office machines for Euro 408,275, net of period depreciation;
- expenses for the purchase of mobile telephones for Euro 4,303, net of period depreciation;
- expenses for improvements to third-party assets for Euro 641,430 to set up and customize the new Milan office, net of period depreciation;
- other tangible assets for Euro 11,853.

Right of Use

31/12/2020	31/12/2021	Changes
3,701,056	3,168,182	(532,874)

	31/12/2020	31/12/2021	Changes
Rights of use offices IFRS 16	3,374,570	2,728,086	(646,484)
Rights of use cars IFRS 16	301,497	324,003	22,506
Rights of use PC IFRS 16	24,989	116,093	91,104
Total	**3,701,056**	**3,168,182**	**(532,874)**

On 01/01/2019 was the first-time adoption of the accounting standard IFRS 16 Leases. In the specific case of the Group, for office rental contracts, long-term vehicle leasing and rental contracts, with limited exceptions for short-term contracts or contracts of reduced value, it provides for the recognition of the Right of Use (RoU) acquired under non-current assets in the financial statements, as a balancing entry to the financial liability consisting of the present value of future lease fees.

The value of the Right of Use was determined by discounting the future lease fees provided for in the relevant contract at the time of first-time adoption of the accounting standard or subsequently at the time of signing new contracts or amendments to them. The marginal rate used for the homogeneous category of rental contracts for instrumental offices coincides with the rate applied to the parent company, on the occasion of a recent medium/long-term loan granted in its favour by the banking system, and is equal to 0.8% per annum. For vehicle lease and rental contracts, the average annual rate of the lease operations, equal to 3%, specified in the relative contracts, was chosen. As for other tangible and intangible assets, the amounts shown above are net of the related provision for amortization/depreciation and equal to Euro 2,728,086 for leased offices, Euro 324,003 for vehicles and Euro 116,093 for hired personal computers, respectively. IFRS 16 requires that the Right of Use is amortized on a straight-line basis over the remaining life of the underlying contract.

Intangible assets (2)

31/12/2020	31/12/2021	Changes
5,109,145	6,855,106	1,745,961

	31/12/2020	31/12/2021	Changes
Platform development	4,334,905	5,405,892	1,070,987
Third-party software	733,374	1,390,029	656,655
Trademarks	7,269	9,585	2,317
Other	33,597	49,599	16,002
Total	**5,109,145**	**6,855,106**	**1,745,961**

"Platform development" includes, with the consent of the Board of Auditors, costs for the development of the MailUp platform, net of relevant amortization/depreciation, of which details are given below; the same item also includes costs for projects to develop the MailUp platform currently in progress, activities not yet completed and which have therefore not been amortized yet. The capitalized developments relative to the BEE editor should also be mentioned. This asset was conferred by the parent company to the subsidiary Bee Content Design Inc, as from 31/12/2016. "Third-party software" includes costs relative to software owned by third parties. The item "Trademarks" includes the expenses incurred for the deposit and protection of the MailUp trademark in Italy and in other countries considered strategic in commercial terms. With regard to the recoverability of the value of intangible assets, it is recalled that, in the absence of impairment indicators of the same compared to the carrying amount in the financial statements, which occurred in 2021, it was not necessary to carry out further verifications regarding both the separate financial statements of the parent company and the consolidated financial statements.

For an in-depth analysis of the new functionalities introduced in 2021 to the MailUp platform and to the BEE editor as part of the research and development activities carried out by Growens and other Group companies, please refer to the paragraph "Research and development" of the Report on Operations to the Consolidated and Separate Annual Report as at 31/12/2021, an integral part of these financial statements.

Goodwill (3)

31/12/2020	31/12/2021	Changes
16,556,177	15,405,497	(1,150,680)

Goodwill deriving from the acquisition of companies is detailed as follows:

Description	31/12/2021
BEE Content Design, Inc.	162,418
Acumbamail SL	464,923
MailUp Nordics A/S	180,446
MailUp Nordics / Globase	460,137
Agile Telecom S.p.A.	8,256,720
Datatrics B.V.	5,801,699
Faxator goodwill	79,154
Total	**15,405,497**

Impairment testing of goodwill

The Directors, as recalled in the section on the accounting standards adopted (IAS 36), verify the potential recovery of goodwill recorded on the consolidated financial statements at least once a year, using specific assessments (impairment tests) on each Cash Generating Unit (CGU). Goodwill is calculated as the difference in purchase value of the equity in subsidiaries and shareholders' equity of the subsidiary at the time of first consolidation. In the specific case, the CGUs are represented by the specific subsidiary to which goodwill refers. The potential recovery of the investment is determined with reference to forecast cash flow. Impairment testing was carried out considering the latest economic-financial forecasts for future years (2022-2024), as resulting from the budget data for FY 2022 and applying the forecasts of data contained therein for years from 2023 to 2024. These forecasts prepared for impairment testing have been approved by the administrative bodies of the subsidiaries and consider the effects envisaged for the application of the reference IAS/IFRS accounting standards. In the case of BEE Content Design Inc, reference was made to an external valuation of the Fair Market Value of the company's shares, completed on 11/01/2022, by an independent international operator (Aranca.com) for the purposes of compiling Form 409A of the American IRS agency, drawn up in relation to the exercise of options carried out by CEO Massimo Arrigoni as part of the aforementioned stock option plan. In this independent valuation, the FMV of the shares of BEE Content Design was calculated as USD 2.86 per share, thus determining an Equity Value of USD 14.3 million, significantly higher than the carrying amount of goodwill, although increased by the value of the contribution reserve as occurred in the previous impairment test carried out (Net Invested Capital value equal to Euro 625 thousand). In light of these results, the annual impairment test of BEE Content Design was not performed.

The potential recovery of the value of goodwill recorded is checked through a comparison of the book value with the related value for recovery, determined as the value in use (recoverable amount). This recoverable amount is represented by the current value of future cash flows of the subsidiaries, both for the specific flow period and in terms of the specific forecasting time frame, on the basis of the determination of the Terminal Value (TV) in application of the perpetuity method. In light of the Group's operations and valuation practice relative to similar operations in Italy and abroad, reference was made to the following valuation methods, commonly recognised by professional practice for operations of this type and companies operating in the reference sectors:

- Analytical methods (Discounted Cash Flow), as main method;
- Multiples method, as control method.

The discounted cash flow (DCF) method applied to the forecasts of the 2022-2024 Plan (Long Range Plan or LRP), approved by the administrative bodies of the subsidiaries and terminal value of the business estimated at the end of the explicit period of the reference LRP, was based on the application of a WACC (weighted average cost of capital) discounting rate.

The calculation of the weighted average cost of capital is performed on the basis of the following variables:

- Risk free rate: rate of return without implicit risk determined on the basis of the returns of the ten-year Italian BTP or securities of similar risk and duration for foreign subsidiaries, whose values substantially reflect the average performance of the last three years;
- Risk premium: return expected by investors on a specific market according to the specific country risk and average cost of debt (spread);
- Small size premium: a further spread of 3% was added, with prudential purposes, which takes into account the small size of the subsidiaries compared to the international competitors in the sector;
- Sector-specific beta that measures the expected variability of returns upon a 1% variation in the market prices;
- The cost of debt is also considered net of the specific tax rate;
- The final value of the WACC is weighted according to the average Debt/Equity ratio for the sector (source: Damodaran - Advertising capital structure, updated in the beginning of 2022) to express the weight of recourse to equity and financial capital of third parties.
- The WACC of the companies subject to impairment is shown below:

  Acumbamail: 7.47%

  Agile Telecom: 8.39%

Datatrics BV: 5.70%

Globase International Aps: 6.11%

In order to further stress the results of the impairment test and verify that it holds out even in situations worse than the expected results, the Directors applied prudent sensitivity hypotheses that simulate a reduction in EBITDA, enacted through the percentage reduction (-10%) of revenues, or, as in the case of Agile and Datatrics, by increasing the main variable costs in percentage terms in order to prudently penalize future margins. In the case of Agile Telecom, the type of sensitivity applied takes into account the peculiarities of the SMS wholesale business, characterized by very low gross margins in percentage terms due to the very high incidence of the purchase costs of SMS. In the case of Datatrics BV, in addition to the characteristics of the business, the Group's re-launch and heavy investment phase, which is expected to return to positive results within the explicit plan horizon, was evaluated. The application of these specific sensitivity assumptions allowed avoiding distorting effects on the results of the analysis.

Reference was made as control method to the method of EV/Sales multiples, applied to sales, and EV/EBITDA, on EBITDA, specific to the individual subsidiaries as per Equity Research published by Value Track on 12 January 2022, and in particular for Agile Telecom EV/S (1.0 x) and EV/EBITDA (10.0x), Acumbamail EV/S (1.7 x) and EV/EBITDA (15,0 x), while for Datatrics BV the average market EV/S multiples taken from Equity Research of 14/12/2021 by the American analyst Arrowhead (3.5 x) were applied, which better reflect the launch phase of the Dutch subsidiary compared to more mature and consolidated businesses such as those of the parent company and Agile Telecom.

In order to further verify the results of the impairment test, it was decided to carry out a further test in which sensitivity was calculated by applying progressively worsening assumptions to both the Terminal Growth Rate and the WACC, respectively decreased and increased by 0.5%, 1% and 1.5%. All of the worsening assumptions applied returned a result greater than goodwill for Agile Telecom, Acumbamail and Datatrics thus confirming the recoverability of goodwill.

All the checks carried out, despite the prudent sensitivity assumptions described above, did not reveal any need to revise the carrying amount of goodwill, with the exception of the following.

In the case of the non-operating sub-holding company MailUp Nordics and its subsidiary Globase International, the impairment test showed that the recoverable value (Value in Use) of the CGU (Cash Generating Unit), consisting of the combination of the above-mentioned Danish subsidiaries, was lower than the value of goodwill recognized in the consolidated financial statements, which amounted to Euro 791 thousand. The value in use, determined by discounting prospective cash flows, was Euro 641 thousand. The difference thus arising has been recorded as impairment of goodwill (consolidation difference) for Euro 150 thousand at consolidated level. At the same time, the total book value of the investment in MailUp Nordics recorded by the parent company was reduced by a write-down of the same amount. Growens was thus aligned with the value resulting from the impairment test. Finally, the MailUp Nordics equity investment in Globase was also subject to the same write-down.

Equity investment in associates (4)

	Country	31/12/2020	Revaluations	Impairment	Purchases	31/12/2021
CRIT Cremona information Technology	Italy	122,796		32,793		90,003
Others	Italy	0			9,106	9,106
Total		**122,796**		**32,793**	**9,106**	**99,109**

The amount recorded in the assets of the balance sheet refers to the Growens equity investment in Consorzio CRIT (CRemona Information Technology). The write-down derives from the application of the equity method that takes into account the results achieved by the associate available at the current date. The economic result of CRIT in 2021 was heavily undermined by the wide spread of the SARS Covid-19 infection. Hopefully, the various issues that marked the previous year can be overcome as soon as possible.

Other non-current assets (5)

31/12/2020	31/12/2021	Changes
848,259	1,314,751	466,492

Description	31/12/2020	Increase	Decrease	31/12/2021
Receivables from associated companies	64,641			64,641
Receivables from others	41,937	1,103		43,040
BPER pledge	741,681	465,389		1,207,070
Total	**848,259**	**466,492**		**1,314,751**

The receivables in question are all expected to be collected over 12 months and are therefore classified as “non-current”. The item “Receivables from others” refers to deposits due beyond the year. The item “BPER pledge” refers to the amount withheld as pledge by Banca Popolare dell’Emilia Romagna against the third disbursement of the loan connected to the MISE “ICT Digital Agenda” call for tenders, which is discussed in detail in the section on research and development in the Report on Operations. The amount of the pledge is calculated at 40% of the total disbursed by BPER and Cassa Depositi e Prestiti and will be progressively released upon repayment of the related instalments as per the amortization schedule.

Deferred tax assets (6)

31/12/2020	31/12/2021	Changes
1,191,131	1,524,097	332,966

Deferred tax assets refer to temporary differences recorded in the individual financial statements and consolidation differences that will reverse over the next few years.

Details in connection with each Group company can be summarized as follows:

Description	31/12/2020	31/12/2021	Changes
Growens Spa	438,620	239,011	(199,609)
Agile Telecom Spa	(2,194)	20,085	22,279
Bee Content Design Inc	398,144	752,001	353,857
Datatrics BV	357,000	513,000	156,000
Datatrics Srl	(439)	0	439
Total	**1,191,131**	**1,524,097**	**332,966**

The future recoverability of the deferred tax assets allocated has been verified through the projection of the estimated results for the next few years, in the business plan, of the parent company and the subsidiaries.

Current assets

Trade and other receivables (7)

31/12/2020	31/12/2021	Changes
10,354,302	12,465,270	2,110,968

Description	31/12/2020	31/12/2021	Changes
Receivables from customers	10,354,302	12,465,270	2,110,968

Below is the breakdown of receivables by geographic area:

Description	31/12/2020	31/12/2021	Changes
Italy Customers	6,166,640	7,121,569	954,929
EU Customers	3,099,057	2,869,870	(229,187)
Non-EU Customers	1,088,605	2,473,830	1,385,225
TOTAL	**10,354,302**	**12,465,270**	**2,110,968**

Other current assets (8)

31/12/2020	31/12/2021	Changes
5,142,622	2,468,920	(2,673,702)

Description	31/12/2020	31/12/2021	Changes
Inventories	38,137	26,856	(11,281)
Tax receivables	2,748,815	170,112	(2,578,703)
Other receivables	1,163,083	509,009	(654,075)
Accrued income and deferred expenses	1,192,586	1,762,943	570,357
TOTAL	**5,142,622**	**2,468,920**	**(2,673,702)**

The decrease in tax credits is primarily due to the collection of the VAT credit of the subsidiary Agile Telecom, amounting to Euro 1.6 million. The item Other receivables includes the residual receivable for the grant on the New Innovative Multilateral Platform project mentioned in both the notes to the separate financial statements and in detail in the Report on Operations. Accrued income and deferred expenses include invoices received in 2021 with costs accruing in 2022.

Financial assets not held as fixed assets (9)

31/12/2020	31/12/2021	Changes
195	0	(195)

Liquid funds (10)

31/12/2020	31/12/2021	Changes
9,866,364	13,324,983	3,458,619

The balance represents liquid funds and cash as well as valuables held as at 31/12/2021.

Liabilities and Shareholders' Equity

Group Shareholders' Equity

Share capital (11)

31/12/2020	31/12/2021	Changes
374,276	374,276	0

The share capital of the parent company Growens is entirely paid in and is represented as at 31 December 2021 by 14,971,046 ordinary shares with no par value, whose accounting parity comes to Euro 0.025 each. For detailed information on the changes in the share capital of Growens during 2021, please refer to the specific section of the notes to the separate financial statements as at 31 December 2021, which are an integral part of these financial statements.

Reserves (12)

31/12/2020	31/12/2021	Changes
16,343,604	16,775,315	431,711

Description	Balance as 31/12/2020	Increases	Decreases	Balance as 31/12/2021
Share premium reserve	12,753,906			12,753,906
Legal reserve	80,000			80,000
Stock option reserve	70,468	113,900		184,368
Extraordinary reserve	5,613,856	1,753,192		7,367,049
Reserve for exchange adjustments	19,030		19,030	0
FTA reserve	(613,449)			(613,449)
OCI reserve	(316,597)		59,245	(375,842)
Reserve for treasury shares in portfolio	(582,608)	308,641	440,757	(714,724)
Merger surplus reserve	133,068			133,068
Translation reserve	17,939		83,367	(65,428)
Profits/losses carried forward	(832,007)	564,927	1,706,552	(1,973,632)
Total	**16,343,604**	**2,740,660**	**2,308,951**	**16,775,315**

The increase in the extraordinary reserve is determined by the parent company's profit for 2020 net of the allocation of Euro 19 thousand to the reserve for exchange rate adjustments. In addition to this is the positive effect of Euro 17 thousand resulting from the allocation of a portion of the MBO bonus through the allocation of treasury shares to Growens employees and collaborators. The FTA reserve was generated during the transition to the IFRS of the separate and consolidated financial statements. The OCI reserve represents the effects deriving from the remeasuring of the defined benefit plans, as represented in the statement of comprehensive income. The stock option reserve, linked to the incentive plan for members of top management and accounted for in accordance with IFRS 2, increased following the approval on 23/04/2020 of the new "Stock option plan 2020-2023". The negative reserve for treasury shares in the portfolio corresponds to the purchase price of treasury shares in the parent company held as at 31/12/2021. The translation reserve expresses the net effect of the conversion in the consolidated financial statements of the financial statements of foreign subsidiaries held in currencies other than the Euro (BEE Content Design and MailUp Nordics/Globase).

Period result

The net result for the year is positive and comes to Euro 387,098 compared to Euro 564,927 as at 31/12/2020. For an in-depth analysis of the consolidated results, please refer to the specific section of the Annual Report on Operations, an integral part of these financial statements.

Shareholders' equity of minority interests

On 18 November 2021, Massimo Arrigoni, Chief Executive Officer of subsidiary BEE Content Design Inc. as a beneficiary of a stock option plan dating back to 2011, exercised his right to subscribe 250,000 shares of the company, for a total amount of USD 2,500.
As a result of this capital increase, BEE Content Design's share capital increased to USD 52,500 divided into 5,250,000 shares. The equity investment held by Arrigoni amounts to 4.76%, while the remaining 95.24% is still held by the parent company Growens.

Non-current liabilities

Amounts due to banks and other lenders (13)

31/12/2020	31/12/2021	Changes
3,383,214	3,477,932	94,718

The item "Amounts due to banks" refers only to the parent company. Please refer to the notes to the separate financial statements for further information on their composition. Please note that the Group debt is represented by unsecured loans. The Group did not resort to subsidized loans or moratorium for the repayment of existing debt resulting from legislative measures related to Covid-19 for financial support to businesses.

Long-term right of use liability (13)

Description	31/12/2020	31/12/2021	Changes
Long-term office right of use liability	2,572,725	2,085,086	(487,639)
Long-term car right of use liability	111,562	136,524	24,962
Long-term PC right of use liability	12,232	78,780	66,548
Total	**2,696,519**	**2,300,390**	**(396,129)**

The financial liability shown above is calculated in application of IFRS 16 and corresponds to the present value of the future instalments of rent, hire and lease contracts in force at the date of recognition, with expiry beyond 12 months.

Other non-current liabilities (14)

31/12/2020	31/12/2021	Changes
3,000,000	2,000,000	(1,000,000)

The medium-term portion of the payable due to BMC Holding B.V., the seller of Datatrics B.V., for the cash portion of the purchase price was settled in full. The portion of the capital increase remains, corresponding to the amount envisaged, equal to Euro 2 million, of the variable earn-out fee that will be paid to the sellers when certain turnover thresholds are reached by 2022.

Provisions for risks and charges (15)

Description	31/12/2020	31/12/2021	Changes
Provisions for risks and charges	88,667	221,667	133,000

Description	31/12/2020	Increases	Decreases	31/12/2021
Provisions for Severance indemnity upon cession of office (TFM)	88,667	133,000		221,667

The provision for pension and similar commitments is related to the indemnity due to Directors upon cessation of office (TFM). The consolidated financial statements also include the provision relating to the Directors of Agile Telecom, in addition to the provision made by the parent company.

Staff funds (16)

31/12/2020	31/12/2021	Changes
1,983,682	2,265,831	282,149

The change is as follows.

Description	31/12/2020	Increases	Decreases	Actuarial Gains/Losses	31/12/2021
Dismissal indemnity provision	1,983,682	464,946	222,994	40,197	2,265,831

For specifics on actuarial assumptions, please refer to the statement in the notes to the separate financial statements.

Payables for deferred taxes (17)

Description	31/12/2020	Increases	Decreases	31/12/2021
Provision for deferred taxes	542,303	172,832		715,135

The provision for deferred taxes relates to differences arising from the elimination of intercompany depreciation and amortization that arose in the consolidated financial statements and, in the majority of cases, to the differences recorded by BEE Content Design Inc under amortization relating to the BEE editor asset for 2021, and the same costs that are significant for tax purposes.

Current liabilities

Trade and other payables (18)

Description	31/12/2020	31/12/2021	Changes
Amounts due to suppliers	11,795,918	14,188,380	2,392,462
Amounts due to associates	31,220	2,000	(29,220)
Total	**11,827,138**	**14,190,380**	**2,363,242**

Amounts due to suppliers are stated net of commercial discounts. Below is a breakdown of trade payables according to geographic area:

Description	31/12/2020	31/12/2021	Changes
Italy	8,257,702	9,720,309	1,462,607
UE	2,774,666	2,016,401	(758,265)
Non UE	763,551	2,451,671	1,688,120
Total	**11,795,918**	**14,188,380**	**2,392,462**

Amounts due to banks and other lenders (19)

31/12/2020	31/12/2021	Changes
985,500	1,234,624	249,124

Description	31/12/2020	31/12/2021	Changes
Amounts due to banks - short-term	69,400	165,782	96,382
Short-term portion of loans	916,100	1,068,841	152,741
Total	**985,500**	**1,234,624**	**249,124**

The item "Short-term portion of loans" refers to the residual short-term portions of unsecured loans taken out by the parent company from Banco BPM, Credito Emiliano, Banca BPER and Crédit Agricole. The remaining item relates to bank debt to electronic payment circuits for payments made by credit card.

Short-term right of use liabilities (20)

31/12/2020	31/12/2021	Changes
1,029,099	998,388	(30,711)

Description	31/12/2020	31/12/2021	Changes
Short-term office right of use liability	833,063	795,118	(37,945)
Short-term car right of use liability	183,157	164,392	(18,765)
Short-term PC right of use liability	12,879	38,879	26,000
Total	**1,029,099**	**998,388**	**(30,711)**

The financial liability shown above is calculated in application of IFRS 16 and corresponds to the present value of the future instalments of rent, hire and lease contracts in force at the date of recognition, with expiry within 12 months.

Other current liabilities (21)

31/12/2020	31/12/2021	Changes
11,774,140	13,142,457	1,368,317

Below is the breakdown of Other current liabilities:

Description	31/12/2021
Advances	24,747
Tax payables	934,406
Amount due to social security institutions	474,731
Amounts due to Directors for emoluments	41,243
Amounts due to employees for salaries, holidays, permits and additional months' salaries	1,426,875
Payables for MBO bonuses	630,925
Accrued liabilities	2,198
Deferred income	9,605,792
Other payables	1,541
TOTAL	**13,142,457**

Taxes payable primarily refer to withholding taxes on income from employment and self-employment to be paid in the following period, and to the amount due for direct taxes accrued. Payables to pension funds and social security institutions primarily refer to various social security charges to be paid in the following period with reference to salaries and wages for the last month, thirteenth-month pay and holiday accrued but not taken. Deferred income: most of the revenues of Growens come from recurring annual charges. Growens collects the charges deriving from the e-mail service, but, on an accruals basis, only part of the charges are used to form the year's income, whilst the part not pertaining to it, i.e. the deferred income, is used as a basis for the following year's income. Other subsidiaries that offer their services with SaaS advance fees, such as Acumbamail, BEE, Datatrics and Globase, are also subject to the calculation of deferred income, albeit to a lesser extent as these fees are mainly monthly. Deferred income also relates to the SMS channel, in the event that, typically in Growens, the sale is anticipated with respect to the actual use and sending by the customer.

Income Statement

Revenues (22)

31/12/2020	31/12/2021	Changes
65,233,588	71,236,961	6,003,372

Income from sales and services comes to Euro 71.2 million, recording an increase of Euro 6 million (+9.2%) on the corresponding figure for the previous year.

Revenues by product type

Description	31/12/2020	31/12/2021	Changes
SaaS Revenues	23,673,265	26,089,735	2,416,469
CPaaS Revenues	40,028,068	44,070,048	4,041,980
Other revenues	1,532,255	1,077,179	(455,077)
Total	**65,233,588**	**71,236,961**	**6,003,372**

It is noted that starting from the first half of 2021, the consolidated income statement reports will include details of revenues broken down by the two main strategic business areas, i.e. SaaS and CPaaS, rather than by product line (e-mail, SMS, Predictive Marketing), in order to (i) provide a better representation of the respective operating logics, which are homogeneous within them in terms of type of business model, go-to-market, KPIs (Key Performance Indicators) and financial parameters (ii) provide information that better reflects the Group's management logic and strategic decisions; (iii) simplify reporting with a view to greater comprehensibility and comparability with international standards. The strategic business area SaaS (Software-as-a-Service) includes services provided to customers through platforms accessible in the cloud, used on the basis of multi-period contracts, mainly with recurring fees/subscriptions. This category combines revenues from the MailUp platform marketed by Growens, including revenues from messaging services sent via the SaaS platform to its typical retail customers (amounting to Euro 4,133 thousand at 31/12/2021 versus Euro 4,342 thousand at 31/12/2020), from the BEE editor of BEE Content Design INC, and from the subsidiaries Acumbamail and Datatrics. The strategic business area CPaaS (Communication-Platform-as-a-Service) covers all messaging services provided on a wholesale basis via API, in particular provided by Agile Telecom. Further analysis of business revenues is available in the Report on Operations, which is an integral part of this document.

COGS (Cost of goods sold) (23)

31/12/2020	31/12/2021	Changes
43,879,717	47,436,618	3,556,901

The breakdown is as follows:

Description	31/12/2020	31/12/2021	Changes
Purchases	39,116,425	42,235,930	3,119,505
Services	2,705,771	3,039,018	333,247
Cost of rents and leases	11,880	11,405	(474)
Payroll cost	1,990,458	2,113,046	122,588
Sundry operating expenses	55,183	37,219	(17,964)
Total	**43,879,717**	**47,436,618**	**3,556,901**

The COGS are determined by the costs directly attributable to the provision of the services that represent the core business of the Group, i.e. the technological platforms and the services managed by the companies included in the scope of consolidation. This category includes the costs for the IT technological infrastructure, including the costs of the specific personnel, the costs of the areas directly involved in the provision of the service, for example the deliverability departments, help desk, the areas that deal with the personalization of services on customer request and other variable costs directly related to services sold to customers. The largely predominant part is represented by purchases to send text messages, about Euro 41.9 million, by Agile Telecom from external suppliers.

Sales & Marketing costs (24)

31/12/2020	31/12/2021	Changes
6,402,060	7,323,997	921,938

The breakdown is as follows:

Description	31/12/2020	31/12/2021	Changes
Purchases	5,966	6,043	78
Services	1,880,721	2,042,973	162,252
Cost of rents and leases	11,073	19,649	8,576
Payroll cost	4,502,079	5,255,265	753,186
Sundry operating expenses	2,221	67	(2,153)
Total	**6,402,060**	**7,323,997**	**921,938**

This includes the costs of departments that deal with commercial and marketing activities on behalf of Group companies. In addition to payroll costs, mainly relating to sales, there are some typical costs of marketing such as Pay per Click.

Research & Development costs (25)

31/12/2020	31/12/2021	Changes
2,881,405	3,175,065	293,660

The breakdown is as follows:

Description	31/12/2020	31/12/2021	Changes
Purchases	1,259	1,460	201
Services	97,272	132,792	35,520
Cost of rents and leases	4,670	4,580	(90)
Payroll cost	4,395,781	5,586,187	1,190,406
Capitalized payroll cost	(1,617,578)	(2,549,953)	(932,375)
Total	**2,881,405**	**3,175,065**	**293,660**

These costs relate to the research and development departments involved in the MailUp platform, the BEE editor and the Agile Telecom SMS sending infrastructure. For purposes of greater clarity of exposure, the amount of capitalized payroll costs is recorded separately, then highlighting the resulting net cost in the Income Statement scheme adopted. The capitalization is carried out in relation to the future usefulness of the software development projects of the MailUp platform, the BEE editor and the Agile Telecom SMS sending infrastructure. The research and development activity for the year under review is described in detail in the specific section of the Report on Operations to the consolidated financial statements. R&D projects are specifically analysed in the Report on Operations, an integral part of this Consolidated Annual Report.

General costs (26)

31/12/2020	31/12/2021	Changes
6,981,703	8,099,937	1,118,234

The breakdown is as follows:

Description	31/12/2020	31/12/2021	Changes
Purchases	95,379	109,847	14,469
Services	4,313,697	5,291,309	977,612
Cost of rents and leases	105,767	121,586	15,819
Payroll cost	2,138,400	2,259,829	121,429
Sundry operating expenses	328,460	317,366	(11,094)
Total	**6,981,703**	**8,099,937**	**1,118,234**

General costs express overhead expenses, mainly related to the offices instrumental to the activity performed (utilities, maintenance, related purchases), administrative expenses in general, including costs of accounting, legal, back-office commercial clerical staff, human resources and management control, the remuneration of the Board of Directors, the Board of Auditors and the Independent Auditors, legal, tax, accounting, labour and other consultancy in general, in addition to costs related to the status of listed company, such as for investor relations and costs of M&A activity.

Amortization, depreciation and impairment (27)

31/12/2020	31/12/2021	Changes
3,708,750	4,069,313	360,563

Description	31/12/2020	31/12/2021	Changes
General depreciation costs	433,251	344,028	(89,223)
Amortization right of use	1,096,314	1,188,778	92,464
Amortization R&D	2,024,675	2,385,842	361,166
Amortization & Depreciation	154,510	150,666	(3,844)
Total	**3,708,750**	**4,069,313**	**360,563**

Right of use amortization was calculated for the first time in 2019 following the application of IFRS 16, as already mentioned. The amount of Euro 150,666 relates to the impairment of the consolidation difference (goodwill) arising from the purchase of the investment in the sub-holding MailUp Nordics, which in turn is the parent company of Globase International, resulting from the impairment test procedure, as detailed above in accordance with IAS 36.

Financial operations (28)

31/12/2020	31/12/2021	Changes
178,809	49,653	(129,156)

The breakdown is as follows:

Description	31/12/2020	31/12/2021	Changes
Financial income	(43,539)	(1,696)	41,843
Financial expense	86,084	105,569	19,485
Exchange gains	(46,511)	(112,191)	(65,680)
Exchange losses	182,775	57,971	(124,804)
TOTAL	**178,809**	**49,653**	**(129,156)**

The amount consists of interest income on bank current accounts and other remunerated deposits of liquidity, exchange rate gains and losses and interest expense on medium/long-term bank loans. Financial expenses include the interest cost arising from the actuarial valuation in accordance with IAS 19R and the interest expense relating to the Right of Use financial liability of Euro 67 thousand calculated as per IFRS 16.

Income tax for the period (29)

31/12/2020	31/12/2021	Changes
(636,219)	(713,768)	(77,549)

Description	31/12/2020	31/12/2021	Changes
Current tax	(565,781)	(848,723)	(282,942)
Deferred tax	(70,437)	134,955	205,392
Total	**(636,218)**	**(713,768)**	**(77,550)**

The Group companies have set up period taxes on the basis of the application of current tax regulations in force in the relevant country. The related taxes are made up of current tax, deferred tax and prepaid tax, relating to positive and negative items of income respectively subject to imposition or deductions in periods other than those during which they are booked. Deferred tax assets/liabilities connected with the consolidation entries deriving from the elisions of intragroup margins and the related effect on the consolidated amortization/depreciation shares, have also been calculated.

Earnings per share (30)

Basic earnings per share are calculated by dividing the net period income attributable to ordinary company shareholders by the weighted average number of ordinary shares, excluding treasury shares, in issue during 2021. Below is the result for the year and information on shares used to calculate the basic earnings per share.

Description	31/12/2021
Net profit attributable to shareholders	387,098
Opening number of ordinary shares	14,971,046
Opening portfolio treasury shares	138,980
Closing number of ordinary shares	14,971,046
Closing portfolio treasury shares	163,052
Weighted number of shares in issue	14,820,030
Basic earnings per share	**0.0261**

Diluted earnings per share are calculated as follows:

Description	31/12/2021
Net profit attributable to shareholders	387,098
Opening number of ordinary shares	14,971,046
Opening portfolio treasury shares	138,980
Opening shares potentially assignable	948,866
Closing number of ordinary shares	14,971,046
Closing portfolio treasury shares	163,052
Closing shares potentially assignable	931,718
Weighted number of shares in issue	15,760,322
Basic earnings per share	**0.0246**

Workforce

As at 31 December 2021, the Group had 249 employees, of whom 6 managers, 17 middle managers, 226 white-collar workers. The number of total employees employed during the year, i.e. Annual Work Units, amounted to 212.71 at group level.

Level of classification	Total number	%	Italy	U.S.A.	Spain	Denmark	The Netherlands
White-collar workers	226	90.8%	167	20	12	3	24
Middle managers	17	6.8%	17				
Managers	6	2.4%	6				
Total	**249**	**100.0%**	**190**	**20**	**12**	**3**	**24**

Related party transactions

Transactions implemented by the Group with related parties, identified according to the criteria defined by IAS 2 - Related party disclosure - are carried out at arm's length. For further details in regard, including the table showing the details of the changes, please refer to the specific paragraph of the Report on Operations as at 31/12/2021.

Fees to Directors and Auditors

Directors' fees, including the related contribution, came to Euro 1,834,200 in the year, whilst the fees to the Boards of Auditors, where present, came to Euro 47,794.

Fee to the independent auditing firm

Please note that - in accordance with letter 16-bis of article 2427 of the Italian Civil Code - the total amount of fees due to the independent auditing firm included in the Annual Report as at 31/12/2021 at consolidated level totalled Euro 45,568.

Disclosure regarding coordination and management activities

In accordance with article 2497-bis of the Italian Civil Code, it is specified that the Group is not subject to management and coordination activities.

Grants on calls from public administrations

Information pursuant to article 1, paragraph 125 of Law no. 124 of 04 August 2017. It should be noted that in 2021, Growens alone received the following contributions on calls for tenders from public administrations:

Date	Description	Amount
21/04/2021	"AGREEMENTS FOR COMPETITIVENESS" INITIATIVE GRANT, PUBLIC NOTICE, DECREE NO. 9875 OF 24 October 2014.	412,339.32
05/08/2021	FONDIRIGENTI MODEL TRAINING PLAN FDIR27720	15,000.00
23/09/2021	Sustainable Growth Fund grant project F 140001/00/x39 Call ICT Digital Agenda FRI DM 181017 SAL III	383,984.58
03/11/2021	2021 ENPACL FEE FUND FNC-S-10467_001	42,544.11
12/11/2021	FONDIMPRESA INTERPROFESSIONAL JOINT FUND FOR CONTINUOUS TRAINING FOR REGIME. 250272.T1595 DOC. NO. 159 5 OF 11/11/2021	3,440.92
12/11/2021	FONDIMPRESA INTERPROFESSIONAL JOINT FUND FOR CONTINUOUS TRAINING FOR REGIME. 274535.T1595 DOC. NO. 159 5 OF 11/11/2021	4,478.72
		861,787.65

Subsequent events

Please refer to the specific section of the Consolidated Annual Report on Operations as at 31/12/2021, for further details on the matter.

This Consolidated Financial Report, comprising the Balance Sheet, Income Statement, Statement of Changes in Equity, Cash Flow Statement and Explanatory Notes, provides a true and fair view of the equity and financial situation as well as the economic result for the period and is consistent with the underlying accounting records.

Thank you for the trust placed in us.
Milan, 22 March 2022
The Chairman of the Board of Directors
Matteo Monfredini

7. Independent Auditors' Report on the Consolidated Financial Statements as at 31/12/2021

Growens S.p.A.

Independent Auditors' report in accordance with article 14 of legislative decree n. 39 of January 27, 2010

Consolidated financial statements as of December 31, 2021

This report has been translated into English from the original, which was prepared in Italian and represents the only authentic copy, solely for the convenience of international readers.

MCP/VDL/cpo - RC037242021BD1258

BDO

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Independent auditors' report
in accordance with article 14 of legislative decree n. 39 of January 27, 2010

To the shareholders of
Growens S.p.A.

Report on the consolidated financial statements

Opinion

We have audited the accompanying consolidated financial statements of Growens Group (the "Group"), which comprise the statement of financial position as of December 31, 2021, the statement of comprehensive income, the statement of cash flow and the statement of changes in shareholders equity for the year then ended, a summary of significant accounting policies and other explanatory notes.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as of December 31, 2021, of the result of its operations and its cash flow for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities For The Audit Of The Consolidated Financial Statements* section of this report. We are independent of the Group in accordance with ethical requirements and standards applicable in Italy that are relevant to the audit of consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Directors and Those Charged with Governance for the consolidated financial statements

The Directors of Growens S.p.A. are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and, within the limits of the law, for such internal control as Directors they determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance are responsible, within the terms provided by the law, for overseeing the Group's financial reporting process.

BDO

Auditor's Responsibilities for the audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of the audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. Furthermore:

- Identify and assess the risk of material misstatement of the consolidated financial statements, whether due to fraud or error; design and perform audit procedures in response to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control;
- Obtain and understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- Evaluate the appropriateness of accounting principles used and the reasonableness of accounting estimates and related disclosures made management;
- Conclude on the appropriateness of management's use of the going concern and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions in a manner that achieves fair presentation.

We communicate with those charged with governance, identifies at an appropriate level as required by ISA Italia regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

Opinion pursuant to article 14, paragraph 2, letter e), of Legislative Decree n. 39/10

The directors of Growens S.p.A. are responsible for the preparation of the report on operations and of the corporate governance report of Growens S.p.A. as of December 31, 2021, including their consistency with the consolidated financial statements and their compliance with the applicable laws and regulations.

We have performed the procedures required under audit standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations with the consolidated financial statements of the Growens Group as of December 31, 2021 and on their compliance with the applicable laws and regulations, and in order to assess whether they contain material misstatements.

In our opinion, the report on operations and the above mentioned specific information of the corporate governance report are consistent with the consolidated financial statements of the Growens Group as of December 31, 2021 and are compliant with applicable laws and regulations.

With reference to the assessment pursuant to article 14, paragraph. 2, letter e), of Legislative Decree n. 39/10 based on our knowledge and understanding of the entity and its environment obtained through our audit, we have nothing to report.

Milan, April 6, 2022

BDO Italia S.p.A.
Signed by
Manuel Coppola
Partner

This report has been translated into English from the original, which was prepared in Italian and represents the only authentic copy, solely for the convenience of international readers.

8. Growens Separate Financial Statements as at 31/12/2021

Separated Balance Sheet – amount in Euro	Notes	31/12/2021	31/12/2020	Changes	Ch.%
Tangible fixed assets	1	1,354,448	1,579,291	(224,842)	(14.2%)
Right of Use	1	2,708,323	3,301,698	(593,375)	(18.0%)
Intangible assets	2	3,659,270	3,118,415	540,855	17.3%
Equity investments in subsidiary	3	17,139,860	18,252,603	(1,112,743)	(6.1%)
Equity investments in associates and joint ventures	4	111,106	102,000	9,106	8.9%
Other non-current assets	5	3,239,465	2,449,075	790,389	32.3%
Prepaid tax-assets	6	238,967	438,576	(199,609)	(45.5%)
Total non-current assets		**28,451,439**	**29,241,657**	**(790,218)**	**(2.7%)**
Trade and other receivables	7	2,991,636	2,126,986	864,650	40.7%
Receivables from subsidiaries and associates	8	3,889,379	2,637,189	1,252,190	47.5%
Other current assets	9	1,887,818	2,195,326	(307,508)	(14.0%)
Financial assets AFS	10	0	195	(195)	(100.0%)
Liquid funds	11	7,485,288	6,978,157	507,131	7.3%
Total current assets		**16,254,120**	**13,937,853**	**2,316,267**	**16.6%**
Total assets		**44,705,559**	**43,179,510**	**1,526,049**	**3.5%**
Share capital	12	374,276	374,276	0	0.0%
Reserves	13	18,640,036	16,981,944	1,658,092	9.8%
Profit (Loss) for the period	13	862,186	1,716,841	(854,655)	(49.8%)
Total equity		**19,876,498**	**19,073,061**	**803,437**	**4.2%**
Payables to bank and other financiers	14	3,477,932	3,383,214	94,718	2.8%
Liabilities Right of Use long-term	15	2,027,930	2,561,520	(533,590)	(20.8%)
Other non-current liabilities	16	2,000,000	3,000,000	(1,000,000)	(33.3%)
Provisions for risks and changes	17	166,667	66,667	100,000	150.0%
Provisions for personnel	18	1,999,034	1,710,743	288,291	16.9%
Total non-current liabilities		**9,671,563**	**10,722,144**	**(1,050,581)**	**(9.8%)**
Trade and other payables	19	1,588,326	1,739,204	(150,878)	(8.7%)
Payables to subsidiaries	20	1,750,832	984,436	766,396	77.9%
Payables due to associated company	20	2,000	31,220	(29,220)	(93.6%)
Due to bank and other lenders short term	21	1,194,687	955,301	239,386	25.1%
Liabilities Right of Use short-term	22	776,497	763,286	13,211	1.7%
Other current liabilities	23	9,845,155	8,910,857	934,298	10.5%
Total current liabilities		**15,157,497**	**13,384,304**	**1,773,193**	**13.2%**
Total Liabilities		**44,705,559**	**43,179,510**	**1,526,049**	**3.5%**

Separated Profit & Loss	Notes	31/12/2021	%	31/12/2020	%	Changes	Ch %
SaaS revenues	24	15,713,220	67.9%	15,395,234	73.6%	317,986	2.1%
Intercompany revenues	24	6,614,527	28.6%	4,352,712	20.8%	2,261,815	52.0%
Other revenues	24	816,688	3.5%	1,182,514	5.6%	(365,826)	(30.9%)
Total revenues		**23,144,435**	**100.0%**	**20,930,460**	**100.0%**	**2,213,975**	**10.6%**
Cost of Goods Sold	25	6,883,821	29.7%	5,766,707	27.6%	1,117,113	19.4%
Gross Profit		**16,260,615**	**70.3%**	**15,163,752**	**72.4%**	**1,096,868**	**7.2%**
Sales & Marketing costs	26	4,411,361	19.1%	3,698,622	17.7%	712,739	19.3%
Research and Development Opex	**27**	**3,786,031**	**16.4%**	**2,854,198**	**13.6%**	**931,833**	**32.6%**
Research and Development Capex		*(859,913)*	*(3.7%)*	*(804,139)*	*(3.8%)*	*(55.774)*	*6.9%*
Research and Development costs		*4.645,944*	*20.1%*	*3,658,337*	*17.5%*	*987,607*	*27.0%*
General & Admin costs	28	5,423,375	23.4%	4,711,632	22.5%	711,744	15.1%
Total costs		13,620,768	58.9%	11,264,452	53.8%	2,356,315	20.9%
Ebitda		**2,639,847**	**11.4%**	**3,899,300**	**18.6%**	**(1,259,453)**	**(32.3%)**
General Depreciation Costs	29	198,378	0.9%	323,156	1.5%	(124,778)	(38.6%)
Right of Use Amortization Costs	29	889,620	3.8%	784,254	3.7%	105,366	13.4%
R&D Amortizations Costs	29	1,322,406	5.7%	1,379,940	6.6%	(57,534)	(4.2%)
Amortization & Depreciation	29	150,680	0.7%	166,893	0.8%	(16,213)	(9.7%)
Amortization & Depreciation		2,561,083	11.1%	2,654,243	12.7%	(93,160)	(3.5%)
Ebit		**78,764**	**0.3%**	**1,245,056**	**5.9%**	**(1,166,293)**	**(93.7%)**
Net financial income/(charges)	30	1,071,560	4.6%	856,633	4.1%	214,927	25.1%
Ebt		**1,150,323**	**5.0%**	**2,101,689**	**10.0%**	**(951,366)**	**(45.3%)**
Current Income Taxes	31	(70,258)	(0.3%)	(88,841)	(0.4%)	18,583	(20.9%)
Current Income Taxes	31	(217,879)	(0.9%)	(296,007)	(1.4%)	78,128	(26.4%)
Net Profit (Loss)		**862,186**	**3.7%**	**1,716,841**	**8.2%**	**(854,655)**	**(49.8%)**
Group profit (Loss)		*862,186*	*3.7%*	*1,716,841*	*8.2%*	*(854,655)*	*(49.8%)*
Minority interest profit (loss)							
Other items of the statement of comprehensive income							
Profit/(loss) that will not be subsequently reclassified to the year							
Actuarial profit/(loss) net of the tax effect		(57,885)	(0.2%)	(53,298)	(0.3%)	(4,557)	8.5%
Profit/(loss) that will be subsequently reclassified to the year result							
Profit/(loss) from the conversion of consolidated companies statements in currencies other than euro							
Net profit / (Loss) of the year		**804,331**	**3.5%**	**1,663,543**	**7.9%**	**(859,211)**	**(51.6%)**

Earnings per share:	0,0261	0,1155
Earnings per diluted share:	0,0246	0,1119

Separate statement of changes in equity

Figures in Euro	31/12/2020	Allocation of Growens results	Share capital increase	Change to share premium	Purchase of own shares	Use our share for MBO	Comprehensive IS results	Stock option plan	Profit/(loss) carried forward	Period result	31/12/2021
Share capital	374,276										374,276
Share premium reserve	12,753,906										12,753,906
Legal reserve	80,000										80,000
Extraordinary reserve	5,613,856	1,716,841		19,030		17,321					7,367,049
Reserve for treasury stock	(582,608)				(440,757)	308,641					(714,724)
Reserve for exchange rate gains	19,030			(19,030)							-
Profit/(loss) carried forward	(212,668)										(212,668)
Stock option reserve	70,468							113,900			184,368
OCI reserve	(279,658)						(57,855)				(337,513)
FTA reserve	(613,449)										(613,449)
Merger reserve	133,068										133,068
Period result	1,716,841	(1,716,841)								862,186	862,186
Shareholders' equity	**19,073,062**	**-**	**-**	**-**	**(440,757)**	**325,962**	**(57,855)**	**113,900**	**-**	**862,186**	**19,876,498**

Figures in Euro	31/12/2019	Allocation of Growens results	Share capital increase	Change to share premium	Purchase of own shares	Use our share for MBO	Comprehensive IS results	Stock option plan	Profit/(loss) carried forward	Period result	31/12/2020
Share capital	374,276										374,276
Share premium reserve	12,753,906										12,753,906
Legal reserve	80,000					14,359					80,000
Extraordinary reserve	3,417,945	2,181,552			(445,040)	121,455					5,613,856
Reserve for treasury stock	(259,023)										(582,608)
Reserve for exchange rate gains	7,945	11,085									19,030
Profit/(loss) carried forward	(212,668)										(212,668)
Stock option reserve	-							70,468			70,468
OCI reserve	(226,360)						(53,298)				(279,658)
FTA reserve	(613,449)										(613,449)
Merger reserve	133,068										133,068
Period result	2,192,638	(2,192,638)								1,716,841	1,716,841
Shareholders' equity	**17,648,277**	**-**	**-**	**-**	**(445,040)**	**135,814**	**(53,298)**	**70,468**	**-**	**1,716,841**	**19,073,062**

Separated Cash Flow statement – Amount in Euro	31/12/2021	31/12/2020
Period profit/(loss)	862,186	1,716,841
Income tax	70,258	88,841
Prepaid/deferred tax	217,879	296,007
Interest expense/(interest income)	28,902	10,425
Exchange (gains)/losses	(78,120)	96,687
(Dividends)	(1,022,341)	(962,509)
(Gains) / Losses arising from the sale of assets		
1 Year profit/(loss) before income taxes, interest, dividends and capital gains/losses on disposals	**78,764**	**1,246,292**
Value adjustments for non-monetary elements that have no equivalent item in net working capital:		
Provisions for TFR	535,849	395,981
Other provisions	114,425	118,081
Amortisation and depreciation of fixed assets	2,395,979	2,435,936
Write-downs for permanent losses in value	150,680	166,893
Other adjustments for non-monetary items	(314,910)	(81,080)
2 Cash flow before changes in NWC	**2,960,787**	**4,282,103**
Changes to net working capital		
Decrease/(increase) in trade receivables	(2,116,839)	(1,465,353)
Increase/(decrease) in trade payables	585,886	(362)
Decrease/(increase) in accrued income and prepaid expenses	(530,755)	(175,343)
Increase/(decrease) in accrued liabilities and deferred income	945,132	(507,510)
Increase/(decrease) tax receivables	230,715	259,697
Increase/(decrease) tax payables	(362,503)	81,831
Increase/(decrease) other receivables	784,392	583,686
Increase/(decrease) other payables	564,667	(933,002)
Other changes in net working capital		
3 Cash flow after changes in NWC	**3,061,482**	**2,125,747**
Other adjustments		
Interest collected/(paid)	(4,452)	34,881
(Income tax paid)	(80,608)	
(Gains) / Losses arising from the sale of current assets		
Dividends collected	1,022,341	962,509
(Use of provision)	(217,192)	(160,490)
4 Cash flow after other adjustments	**3,781,571**	**2,962,648**
A Cash flow from operations	**3,781,571**	**2,962,648**
Tangible fixed assets	(170,668)	(326,530)
(Investments)	(170,668)	(326,530)
Intangible fixed assets	(1,651,704)	(1,212,904)
(Investments)	(1,651,704)	(1,212,904)

Financial fixed assets	(372,043)	(430,000)
(Investments)	(372,043)	(430,000)
Divestment realisation price		
Financial not fixed assets		
(Investiments)		
Divestment realisation price		
Acquisition or sales of subsidiaries companies		
B Cash flow from investments	**(2,194,416)**	**(1,969,433)**
Minority interest funds	(947.909)	439,957
Increase (decrease) in short-term payables to banks	86,645	(8,213)
Stipulation of loans	698,084	2,112,521
Repayment of loans	(1,732,638)	(1,664,351)
Own funds	(132,116)	(323,585)
Capital increase by payment		
Sale (purchase) of treasury shares	(132,116)	(323,585)
Change to share premium reserve		
C Cash flow from loans	**(1,080,025)**	**116,371**
Increase (decrease) in liquid funds (A ± B ± C)	**507,131**	**1,109,586**
Initial cash and cash equivalents	6,978,157	5,868,571
Final cash and cash equivalents	7,485,288	6,978,157
Change in cash and cash equivalents	**507,131**	**1,109,586**

9. Notes to the Separate Financial Statements as at 31/12/2021

General information

Business

Growens S.p.A. (hereinafter Growens or Company), is a corporate of renowned standing in the Cloud Marketing Technologies (or MarTech) sector (newsletters/e-mails, SMS, social networks). It has developed a multi-channel Software-as-a-Service (SaaS) platform (e-mail, newsletter, SMS and social) of cloud computing for the professional management of digital marketing campaigns used by over 9,200 direct customers, in addition to numerous indirect customers managed by the widespread network of retailers. Growens ordinary shares have been admitted to trading on the Euronext Growth Milan (formerly AIM Italia) multimedia trading system operated by Borsa Italiana since July 2014. For further details and information on the Company's business, please refer to the Report on Operations to the separate and consolidated financial statements at 31/12/2021 that forms an integral part of these financial statements.

Accounting standards

Criteria for the preparation of the separate financial statements

In accordance with article 4 of Legislative Decree no. 38 of 28 February 2005,which regulates the exercise of options envisaged by article 5 of Regulation (EC) no. 1606/2002 of the European Parliament and Council of 19 July 2002 relative to the application of international accounting standards, the Company has exercised the faculty to voluntarily adopt the international financial reporting standards (hereinafter also referred to as the IFRS), issued by the International Accounting Standards Board (IASB) and approved by the European Commission for the preparation of its financial statements starting from the year ended 31 December 2016. The term IFRS is used to refer to the new International Financial Reporting Standards, the revised International Accounting Standards (IAS) and all interpretations of the International Financial Reporting Interpretations Committee (IFRIC), previously known as the Standing Interpretations Committee (SIC). The date of transition to the IFRS, as defined by IFRS 1 "First time adoption of IFRS" was 01/01/2015, and these 2021 financial statements present a comparative year (FY 2020). In this regard, please note that the IFRS accounting standards applied in drafting the financial statements closed as at 31/12/2021 are those in force on that date and are compliant with those adopted for preparing the financial statements as at 31/12/2020, with the exception of as outlined in the paragraph "Amendments to accounting standards". For the purpose of preparing the accounting schedules, prevalence is given to the economic substance of transactions rather than to their legal form. With reference to IAS 1, paragraphs 25 and 26, the Directors confirm that, in view of the economic prospects, the capitalisation and financial position of the Company, there is no uncertainty as the fact that the Company can operate as a going concern and that, consequently, in preparing the financial statements as at 31/12/2020, it adopted accounting standards precisely under these terms. The financial statements for the year ended on 31/12/2021 will be subject to statutory auditing by BDO Italia S.p.A., under the appointment made upon it until approval of the financial statements as at 31/12/2022.

Tables of the Financial Statements

The tables of the financial statements used have the following characteristics:

a) on the Statement of Financial Position, the assets and liabilities are stated in increasing order of liquidity; an asset/liability is classified as current when it meets one of the following criteria:

- it is expected to be realized/extinguished or expected to be sold or used in the normal operative cycle;
- it is mainly held for trading;
- it is expected to be realized/extinguished within 12 months of year end.

If none of these three conditions is met, the assets/liabilities are classified as not current;

b) on the Income Statement, the positive and negative items of income are stated according to purpose. This choice was dictated by the greater ease of reading and comparability with respect to the financial statements of the other players in the same sector. In the reclassification adopted, revenues are segmented among the characteristic business lines, highlighting the different contribution of the individual components on the total volumes. Costs are divided into four macro areas: Cost of Goods Sold (COGS), or costs of providing the Group's core services, and costs relating to the main operating areas, Sales and Marketing (S&M), Research and Development (R&D), in addition to General Costs (G&A) for administrative and structure expenses. Depreciation and amortization is also related to the different business areas. The section analysing the contents of the Income Statement items illustrates the criteria followed in the economic reclassification adopted. Also for the purposes mentioned above, reference was made to EBITDA (Earnings Before Interest Taxes Depreciation Amortization), an economic value not defined in the IAS/IFRS accounting standards, equal to the operating result net of tangible and intangible depreciation and amortization.

c) the Other Comprehensive Income highlights all changes to Other comprehensive profits/(losses) occurring during the period, generated by transactions other than those implemented with shareholders and in accordance with the specific IAS/IFRS accounting standards. The Company has chosen to show said changes in a separate statement with

respect to the Income Statement. Change to Other comprehensive profits/(losses) are stated net of the related tax effects, separately identifying, in accordance with IAS 1R, the components intended to be reversed on the income statement in subsequent years and those for which there is no provision for any reversal on the income statement;
d) the Statement of Changes in Equity, as required by international accounting standards, provides separate evidence of the period result and all other changes not carried on the Income Statement, but instead allocated directly to Other comprehensive profits/(losses) on the basis of specific IAS/IFRS accounting standards and transactions with shareholders in their capacity as shareholders;
e) the Cash Flow Statement is prepared applying the indirect method.

Measurement criteria

Tangible assets

These mainly consist of:
a) Plants and machinery
b) Furniture and fittings
c) Electronic office machines
d) Improvements to third-party assets
Tangible assets are booked at the cost of purchase or production, including accessory expenses and net of the related depreciation.
Routine maintenance costs are charged in full to the Income Statement. Costs for improvements, modernisation and transformations intended to increase value are carried as assets.
Depreciation starts when the assets become available for use.
Depreciation is calculated on a straight-line basis, according to the estimated useful life of the related assets, revised from time to time if necessary, applying the following percentages, which have not changed from the previous year and with application of monthly depreciation according to the month of purchase or commissioning of the asset:

- Plants and machinery:
  - Generic and specific plants: 20%
  - Anti break-in systems: 30%
- Other assets:
  - Furniture and fittings: 12%
  - Electronic office machines: 20%
  - Signs: 20%

- Improvements to third-party assets: depreciation according to the residual term of the lease contract of the property to which said improvement interventions refer

Assets with a unit value of less than Euro 516.46, susceptible to autonomous use, are registered in full to the Income Statement.

Intangible assets

An intangible asset is booked only when it can be identified, it is subject to the Company's control, it is destined to generate future economic benefits and if its cost can be determined.

Intangible fixed assets are initially recorded at historic purchase cost or cost of internal production and stated net of the amortization charged over the years, charged directly to the individual items. If impairment is noted, the intangible asset is impaired accordingly, in line with the criteria set forth in the next standard **Impairment of intangible assets**.

Amortization rates are revised annually and altered if the estimated useful life differs from that estimated previously. As part of this process of reviewing the useful life of key intangible assets, Growens has considered aligning the amortization period for assets related to MailUp platform software developments and related third-party software to 36 months from 2021, in accordance with key MarTech market practices already adopted by other Group companies and major industry competitors. This revision is the result of a fundamental strategic choice made by the management of the MailUp BU, which has had a profound impact on the long-term orientation of all the departments that manage the MailUp platform, starting of course with the Product & Technology team, which is responsible for these developments, but which also includes the Sales, Customer Value Management and above all Marketing departments, with effects also at organizational level determined by the entry of new managers between 2020 and the first half of 2021, towards a single uniform approach that has as its common denominator the **Product Led** strategy, which is described in more detail below in this paragraph.
The useful life is five years for trademarks and other intangible fixed assets.

Development of the platform, third party software and trademarks are amortized according to their assumed possible use, so as to ensure that the net value at period end corresponds to their residual possible use. Amortization starts when an asset becomes available for use and the corresponding development project completed. Platform development, recorded with the consent of the Board of Auditors, includes the development costs incurred internally to create and innovate the MailUp platform. Costs are capitalised only when the following can be shown:

- the intention to implement the intangible asset for use or sale;
- the capacity to use or sell the intangible asset;
- the capacity to reliably value the cost attributable to the intangible asset during its development;
- the availability of technical, financial or other resources, suitable to complete the development and use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits.

Other fixed assets, which were recognized with the consent of the Board of Statutory Auditors, include the external costs incurred for the strategic project to completely revise the Company's name and the Group's brand.

Fixed assets under construction relate to costs incurred for development projects on the MailUp platform, which as at 31/12/2021 had not been completed and, therefore, could not be used.

The new Product Led paradigm, mentioned above, on which the management of the MailUp BU has been strongly focusing since 2020, starting from the Product & Technology department,, but which has found concrete expression in the 2021 financial year and in the future will guide the "go to market strategy" of the MailUp platform of Growens, aims to turn the product into the main vehicle to activate, acquire and maintain customers. This type of strategy aims to improve certain business fundamentals, including:

- acquisition cost and therefore marginality;
- revenue generated per employee;
- timing of the sale.

On the practical side, this strategy takes the form of a set of initiatives coordinated with Marketing, CVM and Sales, aimed at removing any possible friction during the product evaluation phase: starting from activation, passing through the subsequent phases that lead the prospect to perceive the real value of the product and finally ending with the order and purchase flows.

The broader project of team reorganization, the renewal of processes and technology have also led to an acceleration in releasing valuable solutions for existing customers, solutions capable of improving performance and the use of the platform itself with the business objective of increasing the retention rate and consequently life time value and revenues. In particular, the Product Led approach, being strongly based on the concept of the product as a focal point that guides the choices of approach to the market of the entire structure, requires a faster pace of product development and innovation, with leaner development cycles achieved through the adoption of the Agile methodology. Precisely because of this strategic turning point, from 2021 it was necessary to revise the useful life of intangible assets in software development and related third-party software to three years, compared to five years previously applied.

Equity investments

Subsidiaries are companies in which the Company simultaneously holds the following three elements: (a) power over the company; (b) exposure, or rights, to variable returns arising from involvement with the company; (c) ability to use power to influence the amount of such variable returns; All equity investments have been recorded at purchase cost including ancillary charges upon initial recognition; subsequently, when there is evidence that an equity investment may be impaired, the recoverable amount of the equity investment has been estimated. If impairment is noted, the equity investment is written down accordingly, in line with the criteria set forth in the next paragraph “Impairment of tangible and intangible assets and equity investments”.

Companies over which another company exerts significant influence, are considered as associates. Influence is assumed when in the Ordinary Shareholders’ Meeting at least one-fifth of votes can be cast or one tenth, if the company has shares listed on the stock exchange. It is specified that in the separate financial statements, investments in associates are measured at cost as per IAS 28.

Financial assets

IFRS 9 provides for a single approach to analysing and classifying all financial assets, including those containing embedded derivatives. Financial assets are classified and measured considering both the business model within which they are held and the contractual characteristics of the cash flows from the assets. The three following categories may be identified on the basis of the characteristics of an instrument and business model within which it is held:

(i) financial assets measured at amortized cost;
(ii) financial assets measured at fair value with the effects recorded among the other components of comprehensive income (hereinafter also OCI - Other Comprehensive Income); (iii) financial assets measured at fair value with the effects recorded in the income statement (FVTPL - Fair Value Through Profit and Loss).

A financial asset is measured according to the amortized cost method when both of the following conditions are met:

- the business model within which the financial asset is held consists in holding it solely for the purposes of collecting the related cash flows;

- the financial asset generates, on contractually predetermined dates, cash flows that represent exclusively the yield of the financial asset itself.

According to the amortized cost method, the initial amount is then adjusted to take account of principal repayments, any impairment losses and the amortization of the difference between the initial amount and maturity amount.

Amortization is applied on the basis of the effective internal interest rate, i.e. the rate that exactly discounts the estimated future payments to the initial amount.

Receivables and other financial assets measured at amortized cost are presented in the statement of financial position net of the related accumulated amortization.

Financial assets representative of debt instruments held within a business model that allows both the collection of contractual cash flows and capital gains on disposal (known as a "hold-to-collect-and-sell business model") are measured at fair value through OCI.

In such cases, changes in the fair value of the instrument are taken to equity through other comprehensive income. The cumulative amount of changes in fair value taken to the equity reserve that includes other comprehensive income is reversed to profit or loss when the instrument is derecognised. Interest income calculated according to the effective interest rate, foreign exchange differences and impairment losses are taken to profit or loss.

A financial asset representative of a debt instrument not measured at amortized cost or at FVTOCI is measured at fair value through profit or loss.

Other current and non-current assets, trade receivables and other receivables

Trade receivables, other current and non-current assets and other receivables are intended as financial items, mainly relative to receivables due from customers. They are not derivative instruments and are not listed on an active market, from which fixed or determinable payments are expected. Trade receivables and other receivables are classified on the Balance Sheet of current assets, apart from those with a contractual due date that exceeds twelve months after the reporting date, which are classified as non-current assets.
These assets are valued at the time of first booking at fair value and, thereafter, at amortized cost, using the effective interest rate, less impairment. An exception is made for receivables for which the short duration makes discounting insignificant.
Impairment of receivables is booked on the Income Statement when objective evidence is seen that the Company will be unable to collect the receivable due from the counterparty under the terms of the contract.
The value of the receivables is stated net of the related impairment provision.

Prepaid tax assets

Prepaid tax assets are booked at nominal value. They are booked when their collection is deemed to be “likely”. See also the comment given under “Income tax”.

Cash and liquid funds

Liquid funds include cash in hand, cheques and bank current accounts and deposits that can be reimbursed on demand, which are readily convertible into cash and subject to an insignificant risk of a change in value. They are booked at nominal value.

Treasury shares

Treasury shares are booked at purchase cost, including accessory expenses of the sale and are stated reducing shareholders’ equity. The financial effects deriving from any subsequent sales are recognised in shareholders’ equity. For details on purchases of treasury shares carried out in 2021 and the related authorization resolutions, please refer to the specific explanatory paragraph in the Report on Operations to the separate and consolidated financial statements as at 31/12/2021, an integral part of these financial statements.

Assets held for sale

According to the provisions of IFRS 5 “Non-current Assets Held for Sale and Discontinued Operations”, non-current assets whose book value will mainly be recovered through a sale rather than continuous use, if the requirements are met as envisaged by the specific standard, are classified as held for sale and valued at the lesser of book value and fair value, net of the costs of sale. As from the date on which said assets are classified as non-current assets held for sale, the related amortization is suspended. Liabilities connected with said assets are classified under “Liabilities relating to assets held for sale”, whilst the economic result relating to said assets is recognised under “Other income”.

Non-current financial liabilities

Financial liabilities are initially recorded at cost, corresponding to the fair value of the price received net of the transaction costs directly attributable to the loan. After initial booking, loans are measured using the amortized cost criterion and the effective interest rate method. The amortized cost is calculated considering the issue costs and any discount or premium envisaged at the time of settlement.

Employee benefits

Staff provisions disbursed at or following termination of the contract of employment mainly consist of Severance Indemnity (“TFR”), which is regulated by Italian legislation under article 2120 of the Italian Civil Code. The TFR is a defined benefit plan, that is a formalised programme of post-employment benefits that constitutes a future obligation and for which the company assumes the related actuarial and investment risks. As required by IAS 19R, Growens uses the Projected Unit Credit Method to determine the current value of the obligations and the related social security cost of the current provisions; this method of calculation requires the use of objective actuarial hypotheses that are compatible with demographic (mortality rate, staff turnover rate) and financial (discounting rate, future increases in salary levels) variables. Actuarial gains and losses are immediately recognised in full on the statement of comprehensive income in compliance with IAS 19R. Following the social security reform, as from 1 January 2007, the TFR accrued following the coming into force of said reform, is allocated to pension funds or treasury funds established by INPS for companies with more than 50 employees or, for companies with fewer than 50 employees, may remain in the company as for previous years, or alternatively allocated to pension funds. On this, the allocation of the accruing portions of TFR in pension funds or INPS means that a portion of the TFR accruing is classified as a defined contributions plan, insofar as the company obligation consists exclusively of paying the contributions to the pension provision or INPS. The liability relative to previous TFR continues to constitute a defined benefits plan, to be assessed according to actuarial hypotheses. From an accounting viewpoint, through the actuarial valuation, the interest cost that constitutes the figurative expense that the company would incur in asking the market for a loan in the amount of the TFR is carried under “Financial income/expense” on the Income Statement, and the current service cost, which defines the amount of rights accrued during the year by the employees who have not transferred the portions accrued as from 01/01/2007 to complementary welfare, under “payroll costs”. Actuarial gains and losses that reflect the effects deriving from changes to the actuarial hypotheses used are booked directly as shareholders' equity, without being carried on the Income Statement and are stated on the Statement of Comprehensive Income.

Benefits incentive plan for top management

Starting in the previous year, additional benefits are also recognized to the management of Growens and other Group companies through an MBO (Management by Objectives) incentive plan, which consists in the recognition of bonuses upon achievement of certain results with respect to a pre-established plan previously communicated and accepted by the recipients. The pre-established targets referred to both economic and financial results, consolidated and by business unit, and to individual objectives or KPIs according to the relative areas of responsibility. These results were measured during the year and the final reporting was at the beginning of 2022. The portion actually accrued was therefore allocated in 2021 on an accruals basis, either in personnel costs or in Directors' remuneration, depending on the recipient.

Provisions for risks and charges

Provisions for risks and charges include provisions deriving from current obligations (legal or implicit) deriving from a past event, the fulfilment of which will likely require the use of resources, the amount of which can be reliably estimated. If forecast use of resources goes beyond the year after, the obligation is registered at current value, determined through the discounting of forecast future flows, discounted at a rate that also considers the cost of money and risk of the liability. Instead, no provision is made against risks for which the onset of a liability is merely possible. In this event, a specific disclosure is given in the specific information section on commitments and risks and no provision is made.

Trade payables

Payables are booked at nominal value. When, considering the payment terms agreed, a financial transaction is implemented, payables are measured at current value, allocating the discount as a financial expense according to an accrual basis.

Other current liabilities

These refer to various types of transactions and are booked at nominal value.

Booking of revenues

Revenues are booked to the extent to which it is probable that the economic benefits are achieved and the related amount can be reliably determined. The following specific criteria in the booking of revenues must be respected before making the allocation to the Income Statement: *Sales of goods* – The revenue is recognised, in accordance with that established

by IAS 18, when all significant risks and benefits connected with the ownership of the asset are transferred to the buyer. *Provision of services* – Revenues are recognized at the time of effective disbursement with reference to completion of the service supplied and in respect of total services still to be provided.
Interest – This is recognized on an accrual basis.

Costs

Costs and other operating expenses are booked on the income statement when they are incurred according to an accruals basis and correlation with revenues, when they do not produce future economic benefits or do not meet the requirements for booking as assets on the statement of financial position. Financial expenses are booked according to maturity, on the basis of the start of the terms, using the effective rate.

Dividends

Income for dividends is recorded when the right to collection matures, which normally coincides with the meeting resolution to distribute the dividends. The dividends resolved are recognised as amounts due to shareholders at the time the distribution is resolved.

Taxes

Period tax includes current and deferred tax. Income tax is generally carried on the Income Statement, except when relative to situations booked directly as equity. Current tax is tax expected to be paid on taxable period income and calculated in compliance with current tax regulations and considering the exemptions applicable and any tax credits due. Deferred tax is calculated using the liability method on temporary differences between the amount of assets and liabilities on the financial statements and the corresponding tax values. Deferred tax is calculated according to the tax rate expected to be in force at the time the asset is realised or the liability is extinguished. Deferred tax assets are only booked if it is likely that in following years, sufficient taxable income will be generated to realise said assets. Deferred tax assets and liabilities are only offset when there is a legal right to compensation and when they refer to tax due to the same tax authority. Income tax relative to previous years includes expenses and income booked during the year for income tax relative to previous years.

Profit/(loss) per share

Basic
Profit/(loss) per share is calculated as a ratio of the economic result for the weighted average of ordinary shares in issue during the year, excluding any treasury shares.
Diluted
Diluted profit/(loss) per share is calculated as a ratio of the economic result for the weighted average of ordinary shares in issue during the year, excluding any treasury shares. In order

to calculate the diluted earnings per share, the weighted average of shares in issue is altered, assuming the conversion of all potential shares with a diluting effect, whilst the economic result is adjusted to consider the effects, net of tax, of the conversion.

Impairment of intangible assets

The Company verifies the net book value of tangible and intangible assets, so as to determine if there is any indication that these assets may have suffered a loss in value. If there is any such evidence, the value that can be recovered on the assets is estimated. The recoverable value of a tangible or intangible asset is defined as the greater of its fair value less the costs of sale and value in use, calculated as the current value of future cash flow that is expected to stem from an asset or cash generating unit (CGU). The cash flow forecast is based on corporate plans and reasonable, documented assumptions regarding the future results of the Company and macroeconomic conditions, also as regards the discounting rate used in the discounting process. When it is not possible to estimate the value that can be recovered on an individual asset, the Company estimates the value that can be recovered on the cash generating unit to which the asset pertains. With reference to Growens, a single CGU has been identified as coinciding with the legal entity, whose assets include tangible and intangible assets. Each time the recoverable value of an asset (or cash generating unit) is less than the book value, the latter is reduced to the recoverable value and the loss is carried on the Income Statement. Thereafter, if a loss previously recognised on assets other than goodwill should cease to apply or reduce, the book value of the asset (or cash generating unit) is increased up to the new estimated recoverable value (which shall not, in any case, exceed the net carrying amount of the asset had no impairment been applied).

Provision for doubtful debt

The provision for doubtful debt reflects the best estimate of the Directors as to the losses relative to the loans portfolio with regards to customers. This forecast is based on the losses expected by the Company, determined according to previous experience with similar receivables, current and historic past due positions, careful monitoring of credit quality and forecasts regarding the economic and market conditions.

Prepaid tax

Prepaid tax is booked on the basis of expectations of taxable income in future years, which will allow for its recovery. The assessment of forecast taxable income for the purpose of booking prepaid tax depends on factors that may vary over time and determine significant effects on the potential recovery of prepaid tax receivables.

Provisions for risks and charges

Against legal and tax risks, provisions are made to represent the risk of a negative outcome. The value of provisions booked relative to said risks is the best estimated as at the date, prepared by the Directors. This estimate entails the adoption of assumptions that depend on factors that may change over time and which may, therefore, have significant effects on current estimates prepared by Directors in order to prepare the company's financial statements.

IFRS 16: Leases

Growens has various lease agreements in place for the use of offices, long-term leasing and long-term rental of vehicles and other minor assets owned by third parties. Lease agreements are generally stipulated for a period of 6 years or more but may have extension options. Lease terms are individually negotiated and contain a wide range of different terms and conditions.

As of 01/01/2019, following the first application of accounting standard IFRS 16, for contracts regarding leases payable, the new standard provides, with limited exceptions, for the recognition of the Right of Use (RoU) acquired among the intangible assets in the financial statements, as a balancing entry to the financial liability consisting of the present value of future lease fees. Short-term contracts (lease contracts with a duration of less than or equal to 12 months and that do not contain an option to purchase) and those relating to low-value assets (i.e. with a unit value of less than Euro 5 thousand) are excluded from this provision. Short-term and low-value lease fees are recognised as costs in the Income Statement on a straight-line basis over the lease term.

The value assigned to the rights of use corresponds to the amount of the leasing liabilities recorded, in addition to the initial direct costs incurred, the fees settled at the start date of the contract or previously, the costs of restoration, net of any leasing incentives received. The costs of restoration, recognisable in rare cases, are normally related to offices, for which it could be contractually provided for the restoration to the original state at the end of the lease agreement. The discounted value of the liability thus determined increases the Right of Use of the underlying asset, with the recognition of a dedicated provision as balancing entry. Unless the company is reasonably certain that it will obtain ownership of the leased asset at the end of the lease term, the rights of use are amortized on a straight-line basis over the estimated useful life or the duration of the contract, whichever is shorter.

The financial liability for leases is recognised at the date of commencement of the agreement for a total value equal to the present value of the rental, hire and lease fees to be paid during the term of the contract, discounted using marginal interest rates (Incremental borrowing rate - IBR), when the interest rate implicit in the leasing contract is not easily determinable. Variable lease payments remain recorded in the Income Statement as a cost pertaining to the period.

After the commencement date, the amount of liabilities for lease contracts increases to reflect the accrual of interest and decreases to reflect payments made. Each lease payment is divided between the repayment of the principal portion of the liability and the financial cost. The financial cost is charged to the Income Statement over the duration of the contract, to reflect a constant interest rate on the residual debt of the liability, for each period.

In the case of sub-lease agreements and amendments to the lease contract, the rules required by IFRS 16 - Leases apply.

IFRS 16 requires the management to make estimates and assumptions that may affect the measurement of the Right of Use and the financial liability for leases, including the determination of:

- contracts within the scope of application of the new rules for the measurement of assets/liabilities using the financial method;
- terms of the contract;
- interest rate used for discounting future lease fees.

Contracts are included or excluded from the application of the standard, on the basis of detailed analyses carried out on individual agreements and in line with the rules laid down by the IFRS standards.

The lease term is calculated considering the non-cancellable period of the lease, together with the periods covered by an option to extend the agreement if it is reasonably certain that it will be exercised, or any period covered by an option to terminate the lease contract if it is reasonably certain that it will not be exercised. The Group assesses whether it is reasonably certain to exercise the extension or termination options, taking into account all the relevant factors that create an economic incentive for such decisions.

The initial assessment is reviewed if a significant event occurs or if there is a change in the characteristics that affect the assessment and that are under the control of the company.

The Group’s marginal interest rates are reviewed on a recurring basis and applied to all contracts with similar characteristics, which are considered as a single portfolio of contracts. The rates are determined on the basis of the average effective rate of indebtedness of the Parent Company, suitably adjusted in accordance with the new accounting rules, to simulate a theoretical marginal rate of interest consistent with the contracts being assessed. The most significant elements considered in the rate adjustment are the credit-risk spread of each country observable on the market and the different duration of the lease contracts. The interest rates expressed in lease agreements are rare.

Lease incentives received by and no later than the date of commencement of the agreement are recorded as a direct reduction in the value of the Right of Use; the corresponding value reflects the money already received net of the receivable to be collected. Lease incentives agreed during the term of the contract are considered amendments to the original contract measured at the date of the amendment, with a consequent impact of equal value on the value of both the Right of Use and the lease liability.

The measurement criteria adopted by the Group, based on IAS/IFRS accounting standards, are consistent and substantially unchanged with those applied in the Annual Financial Statements as at 31/12/2020, with the exception of the following.

Amendments to accounting standards

NEW ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS APPLIED FROM 1 JANUARY 2021

- Concessions on fees associated with COVID-19 beyond 30 June 2021 (Amendments to IFRS 16).

Reference interest rate reform - IBOR "phase 2" (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

The amendments to the various IFRS standards referred to above are obligatorily effective for years beginning on or after 1 January 2021. These amendments had no impact on the Group's consolidated financial statements. The group did not incorporate this amendment because in fact, it did not request fee concession.

Concessions on fees associated with COVID-19 beyond 30 June 2021 (Amendments to IFRS 16).

Effective 1 June 2020, IFRS 16 was amended to provide a practical expedient for lessees to account for fee concessions directly resulting from the COVID-19 pandemic and meeting the following criteria:

(a) the change in fees results in a revision of the lease fee that is substantially equal to or less than the lease fee immediately preceding the amendment;

(b) the reduction in lease fees relates only to fees originally due on or before 30 June 2021; and

(c) there are no material changes to the other terms and conditions of the lease.

Fee reductions that meet the above criteria may be accounted for in accordance with the practical expedient, which means that the lessee does not evaluate whether the fee reduction meets the definition of a lease modification. In accounting for the reduction, lessees apply the other requirements of IFRS 16.

ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET APPLICABLE

There are a number of standards, amendments to standards and interpretations that have been issued by the IASB, but will be effective in future accounting periods, which the Group has decided not to apply in advance.

The following amendments are effective for the year beginning 1 January 2022:

- Onerous contracts - Cost of performance of a contract (Amendments to IAS 37);
- Property, plant and equipment: Income from assets before they are ready for use (Amendments to IAS 16);
- Annual Improvements to IFRS 2018-2020 (Amendments to IFRS 1, IFRS 9, IFRS 16, and IAS 41);
- References to the conceptual framework (Amendments to IFRS 3).

The following amendments are effective for the year beginning 1 January 2023:

- Communication of accounting standards (Amendments to IAS 1 and IFRS Practice Statement 2);
- Definition of accounting estimates (Amendments to IAS 8);
- Deferred taxes related to assets and liabilities arising from a single transaction (Amendments to IAS 12).

In January 2020, the IASB issued amendments to IAS 1 that clarify the criteria used to determine whether liabilities are classified as current or non-current.
These amendments clarify that classification as current or non-current is based on whether at the end of the year, an entity has the right to defer payment of the liability for at least twelve months after the end of the year.
The amendments also clarify that the word “payment” includes the transfer of cash, goods, services, or equity instruments, unless the obligation to transfer equity instruments arises from a conversion item classified as an equity instrument separately from the liability component of a compound financial instrument.

The amendments were originally effective for annual years beginning on or after 1 January 2022. However, in May 2020, the effective date was deferred to annual years beginning on or after 1 January 2023.
In response to stakeholder feedback and questions, in December 2020, the IFRIC (the Committee) issued a tentative agenda decision, which analysed the applicability of the amendments to three scenarios. However, in light of the feedback received and the various concerns raised about the outcome of implementing certain aspects of the amendments, the Committee did not finalize the tentative agenda decision and reported the matter to the IASB. At its June 2021 meeting, the IASB tentatively decided to amend the requirements in IAS 1 regarding the classification of liabilities by subjecting them to conditions and the disclosure of information regarding those conditions and to postpone the effective date of the 2020 amendment by at least one year.
The Group is currently evaluating the impact of these new accounting standards and amendments. The Group will assess the impact of the final amendments to IAS 1 on the classification of its liabilities once they are issued by the IASB.
The Group does not believe that the amendments to IAS 1, in their current form, will have a significant impact on the classification of its liabilities, as the conversion element of its convertible debt instruments is classified as an equity instrument and, therefore, does not affect the classification of its convertible debt instruments as a non-current liability.

The Group does not expect that other standards issued by the IASB, but not yet effective, will have a significant impact on the Group.

Risk analysis

For a detailed and in-depth analysis of the risks to which the company is exposed in the context of its operating activities, please refer to the Report on Operations, which forms an integral part of this consolidated annual report as at 31/12/2021.

Disclosure on the book value of financial instruments

In order to provide information capable of illustrating the exposure to financial risks, the information provided by the companies regarding the fair value measurement of financial instruments, as required by accounting standard IFRS 7, is of great importance. Fair Value hierarchy has three levels:

- level 1: if the financial instrument is listed on an active market;
- level 2: if the fair value is measured on the basis of valuation techniques based on parameters observable on the market, other than the prices of the financial instrument;
- level 3: if the fair value is calculated on the basis of valuation techniques based on parameters not observable on the market.

Below is the disclosure on the book value of the financial instruments for the year at 31/12/2021:

31 December 2021 Growens SpA

(Amounts is Euro)	Book value	Fair value	Fair value hierarchy
Other financial assets			
Other non-current assets	3,239,465	3,239,465	Level 3
Other current financial assets	-	-	Level 1

Contingent liabilities

The Company is not involved in any legal or tax proceedings.

NOTES ON THE EQUITY, FINANCIAL AND ECONOMIC STATEMENTS

Assets

Non-current assets

Tangible assets (1)

31/12/2020	31/12/2021	Changes
1,579,291	1,354,448	(224,842)

Plants and machinery

Description	Amount
Historic cost	251,292
Previous years' depreciation/amortization	(178,612)
Balance as 31/12/2020	**72,680**
Acquisitions in the year	3,211
Period amortization/depreciation	(34,421)
Balance as 31/12/2021	**41,470**

Other assets

Description	Amount
Historic cost	3,962,695
Previous years' depreciation/amortization	(2,456,085)
Balance as 31/12/2020	**1,506,610**
Acquisitions in the year	205,668
Period amortization/depreciation	(399,299)
Balance as 31/12/2021	**1,312,979**

"Other tangible assets" include:

- expenses for the purchase of office furniture and furnishings for Euro 295,392, net of period depreciation;
- expenses for the purchase of electronic office machinery for Euro 368,562, net of period depreciation;
- expenses for the purchase of mobile telephones for Euro 3,156, net of period depreciation;
- expenses for improvements to third-party assets for Euro 641,430, net of period depreciation.
- Other tangible assets for Euro 4,439.

Assets for rights of use

Intangible assets	31/12/2020	31/12/2021	Changes
Right of use offices IFRS16	3,156,176	2,400,870	(755,306)
Right of use cars IFRS16	120,533	194,869	74,336
Right of use PC IFRS16	24,989	112,583	87,594
Total	**3,301,698**	**2,708,323**	**(593,375)**

On 01/01/2019 was the first-time adoption of the accounting standard IFRS 16 Leases, as amply illustrated above. For office lease agreements, long-term vehicle leasing and rental contracts, with limited exceptions for short-term contracts or contracts of reduced value, it provides for the recognition of the RoU acquired under tangible assets in the financial statements, as a balancing entry to the financial liability consisting of the present value of future lease fees.

The marginal rate used for the homogeneous category of lease agreements for instrumental offices coincides with the rate applied to the parent company, on the occasion of the most recent medium/long-term loan granted in its favour by the banking system, and is equal to 0.8% per year. For vehicle lease and rental contracts, the average annual rate of the lease operations, equal to 3%, specified in the relative contracts, was chosen. /
As for other tangible and intangible assets, the amounts shown above are net of the related provision for amortization/depreciation and equal to Euro 2,400,870 for leased offices, Euro 194,869 for leased vehicles and Euro 112,583 for hired PC, respectively.
Therefore, by virtue of the application of accounting standard IFRS 16, costs totalling 867,465 euros relating to rental of instrumental offices for 715,144 euros, leased and long-term rented company cars for 122,420 euros and leased IT equipment for 29,901 euros, incurred during the year, are not directly recognised as lease costs, but accounted for in the value of RoU assets and consequently depreciated.

Intangible assets (2)

31/12/2020	31/12/2021	Changes
3,118,415	3,659,270	540,855

Description of costs	Value as at 31/12/2020	Period increases	Period decreases	Period amortization	Value as at 31/12/2021
Platform development	2,478,456	859,913		973,750	2,364,619
Third-party software	605,423	791,791	3,511	129,925	1,263,778

Trademarks	7,269	8,749	3,050	3,383	9,585
Other	27,268		2,191	3,789	21,288
Total	**3,118,415**	**1,666,537**	**14,836**	**1,110,847**	**3,659,270**

"Platform development" includes, with the consent of the Board of Auditors, costs for the development of the MailUp platform for Euro 2,364,619 net of relevant amortization/depreciation, including investments for projects to develop the MailUp platform currently in progress, activities not yet completed at year end and which have not, therefore, been amortized. "Third-party software" includes costs relative to software owned by third parties and purchased by the company. The item "Trademarks" includes the expenses incurred for the deposit and protection of the MailUp trademark in Italy and in other countries considered strategic in commercial terms. The "Other" fixed assets consist of the costs of the complete revision of the Company's name and the Group's brand in the context of the international growth project that characterizes the Group's long-term strategy. For a detailed description of the incremental software developments carried out during the year and the related research and development projects, reference should be made to the specific section of the Report on Operations to the separate and consolidated financial statements included in this report. Reference should be made to the section on Measurement criteria above, and in particular to the paragraph on Intangible Assets, for further information on the useful life of intangible assets.

Impairment testing of intangible assets

In the event of signs that show impairment of intangible fixed assets recorded in the financial statements, as mentioned in the section on accounting standards adopted, the Company verifies the economic-financial recoverability of the same through specific assessments (impairment tests) on each Cash Generating Unit (CGU) in the specific case represented by the legal entity Growens, which has recorded these values in its financial statements. The potential recovery of the investment is determined with reference to forecast cash flow. The Company verifies the net book value of intangible assets, so as to determine if there is any indication that these assets may have suffered a loss in value and if necessary, carries out a specific impairment test. Since these circumstances did not occur during 2021, the need to carry out the aforementioned test did not emerge.

Development costs

"Platform development" includes the costs relating to the incremental development, update and innovation of the MailUp platform owned by the Company, marketed in SaaS (Software as a Service) mode, which has always been a strategic factor in the company's success. The same item includes costs for projects to develop the MailUp platform, currently under development; these had not been completed at year end and have therefore not been amortized. The costs are reasonably linked to benefits that extend over several years, and are amortized in relation to their residual possibilities of use, given the economic and financial potential recovery of the investment. The Growens R&D department also includes a team dedicated to the BEE editor, which developed the software for an amount of Euro 1,505,707 during 2021. This asset was transferred at the end of 2016 to the subsidiary Bee Content Design INC, which deals with exclusive marketing in its various versions. The development activity mentioned above is contracted by the subsidiary to the parent company by virtue of specific contractual agreements and subject to specific intercompany invoicing. For an in-depth analysis of the new functionalities introduced in 2021 to the MailUp platform and to the BEE editor, in addition to details of the above-specified research and development projects, please refer to the paragraph "Research and development" of the Report on Operations to the consolidated and separate financial statements as at 31/12/2021, an integral part of these financial statements.

Equity investments in subsidiaries (3)

31/12/2020	31/12/2021	Changes
18,252,603	17,139,860	(1,112,743)

Description	Value as at 31/12/2020	Period increases	Period decreases	Value as at 31/12/2021
Subsidiary companies	18,252,603	47,937	(1,160,680)	17,139,860

The increase in equity investments relates to the stock option plan known as the "Stock Option Plan 2020-2023" approved by the Extraordinary Shareholders' Meeting and the Board of Directors on 23/04/2020 and with subsequent identification of beneficiaries at the Board of Directors' meeting of 19/08/2020, mentioned in the significant events of the year in the Consolidated Report on Operations, for the part pertaining to beneficiaries attributable to subsidiaries. The decrease, on the other hand, relates to the partial write-down, following the impairment test of the Danish subsidiaries MailUp Nordics and Globase International, of the investment held by Growens SpA in MailUp Nordics, which thus reduced the value of this investment from Euro 791,263 to Euro 640,583, to the decrease in the investment of Datatrics BV, consequent to the impairment test and the failure to achieve the earn out which thus reduced the value of the investment from Euro 6,817,584 to Euro 5,817,584 and finally on 12 October 2021, with the cancellation of the company from the Register of Companies, the value of the investment closed for Euro 10,000. Details of this transaction are provided in the paragraph below on "Other non-current assets".

The following information is supplied on the controlling equity investments held directly.

Company name	City or foreign country	Share capital in Euros	Shareholders' equity in Euros	Net profit/ (loss)	% held	Book value
BEE CONTENT DESIGN INC	U.S.A.	43,295	(121,763)	(369,941)	95,24	752,229
ACUMBAMAIL SL	SPAIN	4,500	414,774	337,897	100	1,102,435
MAILUP NORDICS A/S	DENMARK	67,001	640.597	(150,790)	100	640,582
AGILE TELECOM S.p.A.	CARPI (MO)	500,000	2,428,294	1,448,265	100	8,827,029
DATATRICS B.V.	NETHERLANDS	999	(2,880,383)	(873,089)	100	5,817,584
						17,139,860

For details on the activities performed by the subsidiaries and their strategic role within the Group, please refer to the consolidated and separate Report on Operations, an integral part of these annual financial statements. Equity investments recognised as non-current assets represent a long-term and strategic investment for the company.

Equity investments in associates (4)

31/12/2020	31/12/2021	Changes
102,000	111,106	9,106

Company name	City or foreign country	Share capital	Shareholders' equity	Profit/(loss)	% held	Book value
CRIT – Cremona Information Technology	CREMONA (CR)	310,000	375,750	(100,214)	32,90	102,000
Partecipazione terzi						9,106

The company purchased shares for Euro 2 thousand in the consortium CRIT Cremona Information Technology upon incorporation. It then increased its investment in the associated company by Euro 100 thousand as a result of the transformation to limited liability consortium on 16 March 2016 and the subsequent strengthening of the capital by the shareholders to relaunch the growth project of the consortium. The purpose of the CRIT is to develop a technological pole in Cremona that enables synergies to be achieved between consortium members, to develop services of mutual interest, both managerial and operative in nature (co-working, start-up incubator, common training structures, canteen, meeting room). The consortium also developed a building complex, the "Digital Innovation Centre", where Cremona-based ICT companies, starting from the consortium members themselves, can operate at their best and construct a centre of excellence that can generate new businesses and transfer economic opportunities and better quality of life to the local world of businesses and communities, deriving from the use of new communication and information technologies. Growens moved its operative and administrative headquarters in Cremona to the Centre as of July 2017.

The change of 9,106 is due to the following payments by way of capital subscription: on 15 July 2021 and on 15 November 2021 for a total of Euro 5,022.88 to Prana Ventures SICAF Euveca, and on 10 December 2021 for Euro 4,083.55 to Eureka Venture SGR S.p.A. on account of Aff Blacksheep Euveca Fund in relation to more efficient liquidity management operations.

Other non-current assets (5)

31/12/2020	31/12/2021	Changes
2,449,075	3,239,465	790,389

Description	Balance as at 31/12/2020	Increase	Decrease	Reclassifications	Value as at 31/12/2021
Receivables from Subsidiaries (Beyond 12 Months)	1,635,447	325,000			1.960.447
Receivables from Associated Companies (Beyond 12 Months)	64,641				64,641
Receivables from others	1,270				1,270
Tax receivables Beyond	6,036				6,036
Pledged amounts Bper	741,681	465,389			1,207,070
Total	**2,449,075**	**790,389**			**3,239,465**

The receivables from subsidiaries refer to the interest-bearing loan to Datatrics BV. Increases in 2021 refer to an additional Euro 325 thousand provided by the parent company to support the financial needs of Datatrics BV. The item BPER pledge refers to the amount withheld as pledge by Banca Popolare dell'Emilia Romagna against the three disbursements in 2020-2021 of the loan connected to the Ministry of Economic Development "ICT Digital Agenda" call for tenders, which is discussed in detail in the section on research and development in the Report on Operations. The amount of the pledge is calculated at 40% of the total disbursed by BPER and Cassa Depositi e Prestiti and will be progressively released upon repayment of the related instalments as per the amortization schedule.

Prepaid tax assets (6)

31/12/2020	31/12/2021	Changes
438,576	238,967	(199,609)

Deferred tax assets mainly refer to: tax losses that can be carried forward, to future amortization of intangible fixed assets reclassified in application of the IAS criteria during FTA and the recalculation of the TFR provision made in accordance with the actuarial logics required by IAS 19. The book value of the receivable is considered recoverable from the company's future prospects.

Current assets

Trade and other receivables (7)

31/12/2020	31/12/2021	Changes
2,126,986	2,991,636	864,650

The amount relates to trade receivables and also includes receivables for invoices to be issued, in the amount of Euro 121,202. The adjustment of the nominal loan value to fair value has been obtained by means of a specific provision for doubtful debt, that has been affected as follows during the year:

Description	Amount
Balance as at 31/12/2020	51.414
Period use	(51.366)
Period provision	14.425
Balance as at 31/12/2021	**(14.472)**

In addition to the tax-deductible provision of Euro 14,425, the provision for doubtful debt decreased by an amount of Euro 41,611, equal to half of the trade receivable due from a customer under administration.

Key accounts

In accordance with the provisions of IFRS 8, please note that for the years ended on 31.12.2021 and 31.12.2020, there are no customers generating revenues that exceed 10% of total revenues.

Receivables from subsidiaries and associates (8)

Description	Balance as at 31/12/2020	Balance as at 31/12/2021	Changes
From associated companies	-	-	-
From subsidiaries	2,637,189	3,889,379	1,252,190

Receivables due from subsidiaries derive from normal commercial operations implemented during 2021.

Below is the breakdown of receivables by geographic area:

Receivables divided by geographic area	From customers	From subsidiaries	Total
Italy Customers	2,781,863	153,009	2,934,872
EC Customers	55,241	2,017,110	2,072,351
Non-EC Customers	154,532	1,719,260	1,873,792
Total	**2,991,636**	**3,889,379**	**6,881,015**

Other current assets (9)

31/12/2020	31/12/2021	Changes
2,195,326	1,887,818	(307,508)

The item is as follows:

Description	Balance as at 31/12/2020	Balance as at 31/12/2021	Changes
Inventories	38,137	26,856	(11,281)
Tax receivables	131,442	77,572	(53,870)
Other receivables	1,075,358	302,247	(773,111)
Accrued income and deferred expenses	950,388	1,481,143	530.755
Total	**2,195,326**	**1,887,818**	**(307,508)**

Tax receivables as at 31/12/2021, are as follows:

Description	Amount
VAT advances	928
Tax receivable for personnel recruitment	3,676
Tax receivable for R&D (L. 190/2014)	46,455
Receivables from the Tax Authority for withholdings applied	26,513
Total as at 31/12/2021	**77,572**

Receivables due from others as at 31/12/2021 are as follows:

Description	Amount
Advances to suppliers	14,020
Contributions of the ICT digital agenda call	288,226
Total as at 31/12/2021	**302,247**

Contributions on competitiveness agreements tender refer to the ICT digital agenda call by the MISE, described in detail in the Research and Development section of the Report on Operations, an integral part of these annual financial statements. Please note the collection of Euro 384 thousand in October 2021 following the submission of the third report on the relative costs and investments.

Accrued income and deferred expenses as at 31/12/2021 are as follows:

Description	Amount
Deferred expenses	-
Accrued income	1,481,143
Total as at 31/12/2021	**1,481,143**

As at 31/12/2021, there were no accruals or deferrals with a residual duration of more than five years.

Financial assets not held as fixed assets (10)

31/12/2020	31/12/2021	Changes
195	-	(195)

Liquid funds (11)

31/12/2020	31/12/2021	Changes
6,978,157	7,485,288	507,131

Description	Balance as at 31/12/2020	Balance as at 31/12/2021
Current Accounts receivable	6,977,924	7,485,196
Cash	233	92
Total	**6,978,157**	**7,485,288**

The balance represents liquid funds and cash as well as valuables held on the closing date of the year.

Liabilities and Shareholders' Equity

Shareholders' equity

Share capital (12)

31/12/2020	31/12/2021	Changes
374,276	274,276	-

The share capital of the parent company Growens is entirely paid in and is represented as at 31 December 2021 by 14,971,046 ordinary shares with no par value, whose accounting parity comes to Euro 0.025 each. The share capital has not changed.

Reserves (13)

31/12/2020	31/12/2021	Changes
16,981,944	18,641,036	1,658,092

Description	31/12/2020	Increases	Decreases	31/12/2021
Share premium reserve	12,753,906			12,753,906
Stock option reserve	70,468	113,900		184,368
Legal reserve	80,000			80,000
Extraordinary reserve	5,613,856	1,753,192		7,367,049
Reserve for exchange adjustments	19,030		19,030	-

FTA reserve	(613,449)			(613,449)
OCI reserve	(279,658)	18,270	76,125	(337,513)
Reserve for treasury shares in portfolio	(528,608)	308,642	440,758	(714,724)
Merger surplus reserve	133,068			133,068
Profits/losses carried forward IAS	(212,668)			(212,668)
Total	**16,981,944**	**2,194,004**	**535,913**	**18,640,036**

The stock option reserve, linked to the incentive plan for members of top management and accounted for in accordance with IFRS 2, increased following the approval on 23/04/2020 of the new "Stock option plan 2020-2023". The FTA reserve was generated during the transition to the IFRS of the separate and consolidated financial statements. The OCI reserve represents the effects deriving from the remeasuring of the defined benefits plans as well as the translation of financial statements in currency other than the Euro. In compliance with the provisions of articles 2357 and 2424 of the Italian Civil Code, the negative reserve for treasury shares in portfolio has been entered under the liabilities, under Group equity, valued at cost, by way of counter-entry in an amount equal to the treasury shares held as at 31/12/2021. The reserve for treasury shares is restricted and shall be maintained until such time as the shares are sold. By virtue of the Board of Directors' resolution of 23/03/2021, 72,373 treasury shares, present at that date in the stock held by Growens, were assigned to the recipients of the short-term incentive plan for top management, upon their express request and upon positive verification of the results actually achieved. The value of the shares assigned was Euro 325,962 at a unit price of Euro 4.5035, compared with an average purchase price of Euro 4.2646, resulting in a positive delta of Euro 17,320. This delta was transferred to the extraordinary reserve.

Period result

The net period result is positive and comes to Euro 862,186 compared to Euro 1,716,841 as at 31/12/2020. For an in-depth analysis of the results, please refer to the specific section of the Report on Operations to the separate and consolidated financial statements as at 31/12/2021, an integral part of these financial statements. The shareholders' equity accounts are broken down as follows according to their origin, possible use, distributable nature and use made in last the three years.

Nature/Description	Amount	Possible use (*)	Available amount
Share premium reserve	13,492,969	A,B	13,492,969
Share premium reserve IAS	(739,081)		

Stock option reserve	184,368	B	
Legal reserve	80,000	B	
Extraordinary reserve	7,367,049	A, B, C, D	7,367,049
FTA reserve	(613,449)		
OCI reserve	(337,513)		
Negative reserve for treasury shares in portfolio	(714,724)		
Merger surplus reserve	133,068		133,068
Losses carried forward	(212,668)		
Total	**18.640.036**		**20,993,086**
Restricted portion			
Residual distributable portion			**20,993,086**

(*) A: for capital increase; B: for loss coverage; C: for distribution to shareholders; D: for other statutory restrictions (**) The restricted portion is calculated on the basis of article 2426, paragraph 5 of the Italian Civil Code, and corresponds to the remaining amount not yet amortized of research, development and advertising costs at 31/12/2021.

Non-current liabilities

Amounts due to banks and other lenders (14)

31/12/2020	31/12/2021	Changes
3,383,214	3,477,932	94,718

Amounts due to banks relate to the residual medium/long-term portion of unsecured loans taken out; in 2021, the following loans were taken out: a loan from Crédit Agricole for Euro 375,000.00 and a Credem loan for Euro 614,310.85. Finally, a further tranche of the loan from Banca Bper was disbursed for Euro 1,163,473.27, as part of the ICT Digital Agenda call for tenders, of which Euro 1,036,374.38 provided by Cassa Depositi e Prestiti at a subsidised fixed annual rate of 0.8% and Euro 127,098.89 at a fixed annual rate of 2.2% as bank loan from BPER. The total BPER loan therefore amounts to Euro 3,017,675.60, of which Euro

2,688,021.93 from Cassa Depositi e Prestiti and Euro 329,653.67 from BPER, with a duration of 84 months.

Long-term right of use financial liability (15)

Liabilities for rights of use

Description	31/12/2020	31/12/2021	Changes
Financial liabilities RoU offices MLT IFRS16	2,498,375	1,866,606	(631,769)
Financial liabilities RoU cars MLT IFRS16	50,913	82,545	31,632
Financial liabilities RoU PC MLT IFRS16	12,232	78,779	66,547
	2,561,520	**2,027,930**	**(533,590)**

The financial liability shown above is calculated in application of IFRS 16. For details on this matter, please refer to the beginning of this document.

Other non-current liabilities (16)

31/12/2020	31/12/2021	Changes
3,000,000	2,000,000	(1,000,000)

The medium-term portion of the payable due to BMC Holding B.V., the seller of Datatrics B.V., for the cash portion of the purchase price was settled in full. The portion of the capital increase remains, corresponding to the amount envisaged, equal to Euro 2 million, of the variable earn-out fee that will be paid to the sellers when certain turnover thresholds are reached by 2022.

Provisions for risks and charges (17)

31/12/2020	31/12/2021	Changes
66,667	166,667	100,000

Description	31/12/2020	Increases	Decreases	31/12/2021
Provision for pensions (TFM)	66,667	100,000		166,667

The provision for pension and similar commitments is related to the indemnity due to Directors upon cessation of office (TFM).

Staff funds (18)

31/12/2020	31/12/2021	Changes
1,710,743	1,999,034	288,291

The change is as follows:

Description	31/12/2020	Increases	Decreases	Actuarial gains/(losses)	31/12/2021
Staff provisions (TFR)	1,710,743	432,489	217,192	72,994	1,999,034

The increases relate to year provisions made for employee severance indemnity. The decreases relate to year uses.

The main actuarial assumptions, assessed by an independent expert, are:

Demographic hypotheses

As regards the demographic hypotheses, the ISTAT 2011 mortality tables were used, as well as INPS disability/invalidity tables. As regards the probability of leaving work for reasons other than death, the following were used

Economic-financial hypotheses

These regard the theoretical lines of remuneration, the technical interest rate, the inflation rate and the value adjustment rates of salaries and TFR. The technical assessments were carried out on the basis of the hypotheses described below:

	2021
Annual technical discounting rate	1,00%
Annual inflation rate	1,75%
Annual comprehensive remuneration increase rate	2,50%

As regards the choice of the discounting rate, the index for the Eurozone Iboxx Corporate AA has been taken as benchmark, with duration in line with the average financial duration of the group valued (10+ years).

Current liabilities

Trade and other payables (19)

31/12/2020	31/12/2021	Changes
1,739,204	1,588,326	(150,878)

Amounts due to suppliers are recorded net of trade discounts and are broken down by geographical area as follows:

- amounts due to Italian suppliers for Euro 1,441,055;
- amounts due to EU suppliers for Euro 101,783;
- amounts due to non-EU suppliers for Euro 45,488.

Payables to subsidiaries and associates (20)

31/12/2020	31/12/2021	Changes
1,015,656	1,752,832	737,176

Description	Balance as at 31/12/2020	Balance as at 31/12/2021	Changes
Subsidiary companies	984,436	1,750,832	766,396
Associated companies	31,220	2,000	(29,220)
	1,015,656	**1,752,832**	**737,176**

Payables to subsidiaries regard amounts due to Agile Telecom for the transfer of VAT in the amount of Euro 57,490 and for supplies of Euro 1,692,106, and to Bee Content Design Inc. for Euro 1,236.

Payables expressed in a foreign currency have been adjusted to the year end spot exchange rate.

Amounts due to banks and other lenders (21)

31/12/2020	31/12/2021	Changes
955,301	1,194,687	239,386

Description	31/12/2020	31/12/2021	Changes
Amounts due to banks – short term	955,301	1,194,687	239,386
Total	**955,301**	**1,194,687**	**239,386**

Amounts due to banks mainly refer to the short-term portions of unsecured loans taken out by the company from Banco BPM, Credito Emiliano, Banca BPER and Crédit Agricole.

Short-term right of use liabilities (22)

31/12/2020	31/12/2021	Changes
763,286	776,497	13,211

Description	31/12/2020	31/12/2021	Changes
Financial liabilities RoU offices ST IFRS16	673,348	661,087	(12,261)
Financial liabilities RoU cars ST IFRS16	77,059	76,530	(529)
Financial liabilities RoU PC ST IFRS16	12,879	38,879	26,000
Total	**763,286**	**776,497**	**13,211**

The financial liability shown above is calculated in application of IFRS 16. For details on this matter, please refer to the beginning of this document.

Other current liabilities (23)

31/12/2020	31/12/2021	Changes
8,910,857	9,845,155	934,298

Tax payables

Description	31/12/2020	31/12/2021	Changes
VAT payable	200,233	(174,217)	(374,450)
Amounts payable to the Tax Authority for withholdings applied at source	249,162	221,181	(27,981)
Total	**449,395**	**46,964**	**(402,431)**

Other current liabilities

Description	31/12/2020	31/12/2021	Changes
Advances	178	0	(178)
Amount due to social security institutions	392,993	432,921	39,928
Amounts due to Directors for emoluments	83,282	30,468	(52,814)
Amounts due to employees for salaries and wages payable	383,546	535,310	151,764
Amounts due to employees for holidays, permits and additional months' salaries	535,086	686,650	151,564
Payables for MBO bonuses	290,911	391,589	100,678
Accrued liabilities	13,863	2,198	(11,665)
Deferred income	6,761,602	7,718,400	956,798
Other payables	0	655	655
Total	**8,461,462**	**9,798,191**	**1,336,729**

Deferred income: approximately 75% of the revenues of Growens come from recurring annual charges. Growens collects the recurring charges deriving from the e-mail service, but, on an accruals basis, only part of the charges are used to form the year's income, whilst the part not pertaining to it, i.e. the deferred income, is used as a basis for the following year's income.

Commitments and guarantees

As at 31/12/2021, there are no commitments and guarantees given by Growens to third parties.

Income Statement

Revenues (24)

31/12/2020	31/12/2021	Changes
20,930,460	23,144,435	2,213,975

Income from sales and services comes to Euro 23.1 million (Euro 20.9 million as at 31/12/2020), recording an increase of Euro 2.2 million (+10.6%) on the corresponding figure for the previous year.

Revenues by product type

Below are details of revenues according to product type.

Description	31/12/2020	31/12/2021	Changes
SaaS revenues	15,395,234	15,713,220	317,986
Intercompany revenues	4,352,712	6,614,527	2,261,815
Other revenues	1,182,514	816,688	(365,826)
Total	**20,930,460**	**23,144,435**	**2,213,975**

Other revenues mainly refer to contributions on calls for tenders accounted for, mentioned in the specific section of the Report on Operations to these financial statements, as well as contingent assets and income related to residual activities. Growth in intercompany revenues is linked to the division of staff costs (administration and accounting, invoicing, management control, human resources, legal services, top management and M&A, tech and IT services) centralised for the entire Group within the parent company. It should be noted that starting in 2019, with the expansion of the Group and the internal reorganization of certain centralized activities under the Holding Company for the sole purpose of making the structure more efficient, some criteria for the reversal of certain costs of the Holding Company provided to service Group companies have been introduced, with an impact on the EBITDA of business units other than Growens. For a more in-depth analysis of the economic results of the company, please refer to the specific section of the Report on Operations to the separate and consolidated financial statements as at 31/12/2021.

COGS (Cost of Goods Sold) (25)

31/12/2020	31/12/2021	Changes
5,766,707	6,883,821	1,117,113

The breakdown is as follows:

Description	31/12/2020	31/12/2021	Changes
Purchases Cogs	3,139,767	3,374,401	234,634
Services Cogs	1,940,360	2,498,063	557,703

Cost of rents and leases Cogs	9,012	9,669	657
Payroll cost Cogs	670,192	1,001,687	331,495
Sundry operating expenses Cogs	7,377	-	(7,377)
Total	**5,766,707**	**6,883,821**	**1,117,113**

COGS are determined by the costs directly related to the provision of the service that represents the Company's core business, that is the digital marketing platform MailUp. This category includes the costs for the IT technological infrastructure to support the platform, including the costs of the specific personnel, the costs of the areas directly involved in the provision of the service, for example the deliverability departments, help desk, the areas that deal with the personalisation of services on customer request and other variable costs directly related to services sold to customers. Most of these costs, Euro 3.3 million, are represented by purchases to send text messages, the main provider of which consists, for Euro 3.1 million, of the subsidiary Agile Telecom. Payroll costs decreased significantly, by Euro 557 thousand, due to a reclassification in the accounting records and a shift to the Sales & Marketing and Research & Development areas.

Sales & Marketing costs (26)

31/12/2020	31/12/2021	Changes
3,698,622	4,411,361	712,739

The breakdown is as follows:

Description	31/12/2020	31/12/2021	Changes
Purchases S&M	2,185	5,686	3,501
Services S&M	800,264	884,664	84,399
Cost of rents and leases S&M	11,073	19,649	8,576
Payroll cost S&M	2,885,099	3,501,362	616,263
Total	**3,698,622**	**4,441,361**	**712,739**

This includes the costs of departments that deal with commercial and marketing activities located at the Milan office. In addition to payroll costs, mainly relating to sales, there are some typical costs of marketing such as Pay per Click. Payroll costs increased significantly compared to 2020, as a result of a strengthening of the commercial division with the inclusion of key figures, and the reclassification of Cogs payroll costs mentioned earlier.

Research & Development costs (27)

31/12/2020	31/12/2021	Changes
2,854,198	3,786,031	931,833

The breakdown is as follows:

Description	31/12/2020	31/12/2021	Changes
Purchases R&D	264	998	734
Services R&D	307,150	462,305	155,155
Cost of rents and leases R&D	3,539	4,579	1,040
Payroll cost R&D	3,347,383	4,178,062	830,679
Sundry operating expenses R&D	(804,139)	(859.913)	(55.774)
Total	**2,854,198**	**3,786,031**	**931,833**

These costs relate to departments that deal with research and development activities related to the MailUp platform. For purposes of greater clarity of exposure, the amount of capitalised payroll costs is recorded as a direct reduction in the total gross cost of personnel, then highlighting the resulting net cost in the Income Statement scheme adopted.
The capitalization is carried out, with the consent of the Board of Statutory Auditors, in relation to the future usefulness of the software development projects of the MailUp platforms.
The research and development activity for the year 2021 is described in detail in the specific section of the Report on Operations to the consolidated financial statements. The item also includes the costs of the Italian team that deals with the development of BEE software, owned by the subsidiary Bee Content Design INC.
Payroll costs increased due to the increase in the headcount of the R&D team and the strengthening of the BEE team that deals with the BEE software as indicated above; in addition to the reclassification of Cogs costs as previously mentioned.

General costs (28)

31/12/2020	31/12/2021	Changes
4,711,632	5,423,375	711,744

The breakdown is as follows:

Description	31/12/2020	31/12/2021	Changes
Purchases	25,548	34,326	8,778
Services	2,828,466	3,307,081	478,615
Cost of rents and leases	30,648	58,908	28,260
Payroll cost	1,679,468	1,858,518	179,050
Sundry operating expenses	147,501	164,542	17,041
Total	**4,711,632**	**5,423,375**	**711,744**

General costs express overhead expenses, mainly related to the offices instrumental to the activity performed, (rents, utilities, maintenance, related purchases), administrative expenses in general, including costs of accounting, legal, back-office commercial clerical staff, human resources and management control, the remuneration of the Board of Directors, the Board of Auditors and the Independent Auditors, legal, tax, accounting, labour and other consultancy in general, in addition to costs related to the status of listed company, such as for investor relations and costs of M&A activity.

Amortization, depreciation and impairment (29)

Below are details:

Description	31/12/2020	31/12/2021	Changes
General depreciation costs	323,156	198,378	(124,778)
Amortization right of use	784,254	889,620	105,366
Amortization R&D	1,379,940	1,322,406	(57,534)
Amortization & Depreciation	166,893	150,680	16,213
Total	**2,654,243**	**2,561,083**	**(93,160)**

The impairment of Euro 150 thousand relates to the reduction in the total carrying amount of the investment in the non-operating sub-holding company MailUp Nordics and its subsidiary Globase International as a result of impairment testing, as explained in more detail in the previous section on investments and "Other non-current assets". Right of use amortization was calculated for the first time in 2019 following the application of IFRS 16, as already mentioned.

Financial operations (30)

31/12/2020	31/12/2021	Changes
856,633	1,071,560	214,927

The breakdown is as follows:

Description	31/12/2020	31/12/2021	Changes
Dividends from subsidiaries	962,509	1,022,341	59,832
Financial income	63,351	62,680	(671)
Financial expense	(72,541)	(91,581)	(19,040)
Exchange gains	30,687	101,333	70,646
Exchange losses	(127,373)	(23,213)	104,160
Total	**856,633**	**1,071,560**	**214,927**

The amount consists of interest income on bank current accounts and other remunerated deposits of liquidity, exchange rate gains and losses and interest expense on medium/long-term bank loans. Financial expenses also include the interest cost deriving from the actuarial valuation according to IAS 19R. The dividends are those approved by the Shareholders' Meeting of Agile Telecom on 16 April 2021 for Euro 780,681 and by the Shareholders' Meeting of Acumbamail on 23 March 2021 for Euro 241,660.

Income tax for the period (31)

31/12/2020	31/12/2021	Changes
384,848	288,137	(96,711)

Taxes	Balance as at 31/12/2020	Balance as at 31/12/2021	Changes
Current tax:	**88,840**	**70,258**	**(18,582)**
IRES			
IRAP	88,840	65,715	(23,125)

Substitute tax		4,543	4,542
Deferred (prepaid) tax	**296,008**	**217,879**	**(78,129)**
IRES	296,008	217,879	(78,129)
IRAP			
Total	**384,848**	**288,137**	**(96,711)**

The Company has set up year taxes on the basis of the application of current tax regulations. The year's taxes are made up of current tax, deferred tax and prepaid tax, relating to positive and negative items of income respectively subject to imposition or deductions in years other than those during which they are booked. The statements below acknowledge the reconciliation of the theoretical expense resulting from the financial statements and the tax expense.

Reconciliation between the tax liability as per the financial statements and the theoretical tax liability (IRES)

Description	Value	Taxes
Pre-tax result	1,145,780	
Theoretical tax liability (%)	24%	274,987
Temporary differences taxable in subsequent years:	(75,220)	(18,053)
Temporary differences deductible in subsequent years	392,185	94,124
Reversal of temporary differences from previous years	(291,441)	(69,946)
Differences which do not reverse in subsequent years	(582,923)	(139,902)
deductible tax losses	(383,299)	(91,992)
difference	**205,082**	**42,220**
Ace	(205,082)	(49,220)
Taxable amount	**0**	**0**
Current period income tax		-
Deferred tax net of uses of tax accrued in previous years		
Net period IRES tax		-

Determination of the tax base for IRAP

Description	Value	Taxes
Difference between value and cost of production,	8,848,763	

gross of CDL and impairment		
Costs not significant for IRAP purposes	1,897,649	
Income not significant for IRAP purposes	(12,905)	
	1,733,507	
Theoretical tax liability (%)		3,90%
Deductions for employed staff	(10,048,505)	
Tax base for IRAP	**1,685,002**	
Current IRAP for the year		**65,715**

Earnings per share

Basic earnings per share are calculated by dividing the net period income attributable to ordinary company shareholders by the weighted average number of ordinary shares, excluding treasury shares, in issue during 2019. Below is the income and information on shares used to calculate the basic earnings per share.

Description	31/12/2021
Net profit attributable to shareholders	387,098
Opening number of ordinary shares	14.971,046
Opening portfolio treasury shares	138,980
Closing number of ordinary shares	14,971,046
Closing portfolio treasury shares	163,052
Weighted number of shares in issue	14,820,030
Basic earnings per share	**0,0261**

Diluted earnings per share are calculated as follows:

Description	31/12/2021
Net profit attributable to shareholders	387,098
Opening number of ordinary shares	14,971,046
Opening portfolio treasury shares	138,980
Opening shares potentially assignable	948,866

Closing number of ordinary shares	14,971,046
Closing portfolio treasury shares	163,052
Closing shares potentially assignable	981,718
Weighted number of shares in issue	15,760,322
Basic earnings per share	**0,0246**

Workforce

In 2021, Growens had 177 employees, of whom 6 managers, 15 middle managers and 156 white-collar workers. The number of total employees employed during the year, i.e. Annual Work Units, amounted to 155.26 at group level.

Disclosure on related party transactions

To view the table on related party transactions and the relative detailed information, please refer to the separate and consolidated Report on Operations, which is an integral part of these annual financial statements.

Information on the fees due to the Board of Directors, Board of Auditors and Independent Auditing Firm

Title	31/12/2020	31/12/2021
Directors	651,903	800,827
Board of Auditors	25,954	25,954
Independent auditing firm	25,000	25,000

Requirements envisaged by article 25, paragraph 2, letter H Decree Law 179/2012 - Innovative SMEs

As of the date of approval of the financial statements at 31 December 2020, Growens can no longer be identified as an SME, as for two consecutive years the Group has exceeded the limits on turnover and total annual consolidated assets, which are necessary requirements to maintain this qualification.

Grants on calls from public administrations

Information pursuant to article 1, paragraph 125 of Law no. 124 of 04 August 2017. It should be noted that in 2021, Growens received the following contributions on calls for tenders from public administrations:

Date	Description	Amount
21/04/2021	"AGREEMENTS FOR COMPETITIVENESS" INITIATIVE GRANT, PUBLIC NOTICE, DECREE NO. 9875 OF 24 October 2014.	412,339.32
05/08/2021	FONDIRIGENTI MODEL TRAINING PLAN FDIR27720	15,000.00
23/09/2021	Sustainable Growth Fund grant project F 140001/00/x39 Call ICT Digital Agenda FRI DM 181017 SAL III	383,984.58
03/11/2021	2021 ENPACL FEE FUND FNC-S-10467_001	42,544.11
12/11/22021	FONDIMPRESA INTERPROFESSIONAL JOINT FUND FOR CONTINUOUS TRAINING FOR REGIME. 250272.T1595 DOC. NO. 159 5 OF 11/11/2021	3,440.92
12/11/2021	FONDIMPRESA INTERPROFESSIONAL JOINT FUND FOR CONTINUOUS TRAINING FOR REGIME. 274535.T1595 DOC. NO. 159 5 OF 11/11/2021	4,478.72
		861,787.65

In accordance with article 3 of the Grant Decree, "Commitments of the Beneficiary" point k) reads: "highlight the implementation of the project in the financial statements for each of the years immediately following the year in which the individual disbursements of the facilities take place"; therefore, the following data are summarized:

Act and disbursement date	11/10/2021
Description	Sustainable Growth Fund grant - project F 140001/00/x39 ICT Digital Agenda Call - FRI DM 181017 SAL III
Grant	383,984
Reported	5,215,389

Proposal for allocation of profits

It is proposed to the Meeting that the result for the year, equal to Euro 862,186, be allocated to the Extraordinary Reserve for Euro 787,562.55 and to the Reserve for Exchange Rate Adjustments for Euro 74,624.

These financial statements, comprising the Balance Sheet, Income Statement, Statement of Changes in Equity, Statement of Cash Flows and Explanatory Notes, provide a true and fair view of the equity and financial situation as well as the economic result for the year and are consistent with the underlying accounting records.

Thank you for the trust placed in us.
Milan, 22 March 2022
The Chairman of the Board of Directors

10. Report by the Board of Auditors to the shareholders' meeting

REPORT BY THE BOARD OF AUDITORS TO THE FINANCIAL STATEMENTS AS AT 31/12/2021

To the Shareholders' Meeting of GROWENS SPA
This Report has been approved by the board in time for its deposit at the Company's office within 15 days prior to the convening of the Shareholders' Meeting to approve these financial statements.
The administrative body has made the following documents available, approved on 22/03/2022 relative to the financial year ended on 31/12/2021:

- draft financial statements, complete with Balance Sheet, Income Statement, Statement of Changes in Equity, Cash Flow Statement and Notes;
- Report on Operations.

The layout of this report is in accordance with the provisions of law and rules of conduct of the board of auditors issued by CNDCEC.
The Financial Statements is certified by BDO ITALIA Spa, appointed by the Shareholders' Meeting on 23.04.2020 until approval of the Financial Statements at 31.12.2022.
The Board of Auditors in office as at the date of this Report took office after appointment during the same Shareholders' Meeting of 27/04/2020. It is recalled that its office will end with the meeting to approve the financial statements at 31/12/2022.

General introduction

The Board of Auditors already mentioned in the previous report to the financial statements that the administrative body has chosen to adopt, as from FY 2016, the international accounting standards IAS/IFRS.
The Board of Auditors acknowledges that during the year, for all Auditors, on the basis of the declarations made by the Auditors and information that is in any case available, it has assessed both the lack of any grounds for forfeiture, ineligibility and incompatibility as envisaged by articles 2382 and 2399 of the Italian Civil Code and by article 148 of Italian Legislative Decree 58/9, and compliance with the independence requirements established by the law, on the basis of the criteria set forth by the Rules of Conduct of the Board of Auditors, drafted by the Italian National Board of Chartered and Certified Accountants. In particular, it is acknowledged that no events took place that may cause the requirement of independence to be lost with respect to the verification performed at the time of appointment.
No Auditor has had any interest, on their own behalf or for third parties, in a given operation carried out during the year.
This report therefore summarises the activities concerning the information envisaged by article 2429, par. 2 of the Italian Civil Code and, more specifically:

- the activities carried out in the performance of duties provided for by law;
- the observations and proposals regarding the financial statements, with particular reference to the possible use by the board of the derogation referred to in article 2423, par. 5 of the Italian Civil Code;
- the possible receipt of complaints from shareholders under article 2408 of the Italian Civil Code;
- the results of the financial year.

In any case, we remain at your disposal for further information on any aspects during the meeting discussion.

Meeting attendance of the corporate bodies

The Board of Auditors certifies that:
In 2021, the Board of Auditors held five meetings and attended the Shareholders' Meeting and the six meetings of the Board of Directors.

Since the closure of the financial statements and up to the date of this report, the Board of Auditors has met once.
The activities carried out by the Board regarded, in terms of time frame, the whole year; during the year, the meetings were held regularly pursuant to article 2404 of the Italian Civil Code and specific minutes were duly prepared of said meetings, signed in acknowledgement of unanimous approval.

Supervision of compliance with the law, the Articles of Association and the regulations and compliance with standards of correct administration

We would like to introduce that, with regard to the Covid-19 pandemic emergency that also affected the 2021 financial year, the Board of Statutory Auditors supervised the adoption of the necessary measures to prevent and contain the contagion in the workplace, in accordance with the instructions given by the competent Authorities to allow the continuation of the company's activities. To that end, the Board of Statutory Auditors obtained information on the occasion of meetings of the Board of Directors and periodic audits. The Board of Statutory Auditors also monitored the effects of the pandemic emergency on the performance of the Company and its business, including through the exchange of information with the Independent auditing firm. In the Report on Operations, the Company described the measures adopted to contain the spread of the Covid-19 epidemic in the workplace and provided a summary analysis of the impact of the event on its financial results.
By attending the meetings of shareholders and the Board of Directors, the Board of Auditors has monitored compliance with the provisions of the Articles of Association, the law and regulations, governing the operation and function of the Company's bodies and compliance with standards of correct administration. The frequency of the meetings of the Board of Directors, the average percentage attendance by Directors and meeting duration were appropriate and no significant resolutions were passed without suitably informing the Directors and Auditors. The Board of Auditors verified that all resolutions were passed in the interests of the Company and supported by suitable documentation.
The disclosure obligations relating to regulated or inside information or that required by the Supervisory Authorities, were duly fulfilled.

Information on the overall activity carried out by the Company and its subsidiaries

The Board of Auditors has acquired suitable information from the Directors, at least once a quarter, on the activities pursued by the Company in the various sectors in which it operates, including through subsidiaries, and on the most important operations in terms of profit and loss, cash flows and the financial position. Also on the basis of the information flows acquired as part of its supervisory activities, the Board of Auditors has successfully ascertained that the action resolved and implemented was compliant with the law and the Articles of Association and not evidently imprudent or risky, in potential conflict of interests or in conflict with resolutions passed by the Corporate Bodies or such so as to risk the integrity of the Company's assets. The Board of Auditors has also monitored compliance with the Guidelines, Standards of Conduct and Procedures in force in the Group, as well as compliance with the processes whose outcome is submitted to the attention of the Directors and on which they resolve.
The Board of Auditors has acquired knowledge of and monitored, insofar as it is competent to do so, compliance with standards of correct administration, including through the information received directly from the parties responsible for the various corporate departments and the Independent auditing firm.
On the basis of the information acquired during the supervisory activities, it has been seen that the operations of greatest importance in terms of profit and loss, cash flows and financial position carried out by the Company, including through direct or indirect subsidiaries, were the following:

- Signing of directorship agreements with related parties;
- Amendment to articles 1, 11, 14, 15, 18, 20, 21, 22, 23, 26, 29, 30, 31, 39, 40 and 41 of the Articles of Association and entry of the new articles 14-bis and 14-ter;
- Adoption of a short-term incentive plan for top management;
- Authorisation for the purchase and disposal of treasury shares pursuant to article 2357 of the Italian Civil Code.

All the above operations have been suitably explained and presented during the meetings of the Board of Directors called to pass the related resolutions and fully explained in the Report on Operations for FY 2021, which also provides a complete update on the evolution of the reference legislative framework.

Market abuse legislation

The Board of Auditors monitored the fulfilment of the duties connected with Market abuse legislation regarding corporate disclosures and internal dealing, with specific reference to the processing of inside information and the procedure for issuing press releases and public information. More specifically, the Board of Auditors has monitored compliance with provisions on the update of the Register of persons having access to inside information.

Supervisory activities regarding transactions with subsidiaries

The provisions issued to subsidiaries suffice to guarantee the timely fulfilment by the latter of the disclosure obligations laid down by the law.

The Board of Auditors has examined and assessed the document of verification and updating, both of the areas in which the management and coordination of the parent company take place and of the companies with regard to which said activities are carried out, verifying compliance with the applicable provisions of articles 2497 ff of the Italian Civil Code.

Supervisory activities of infra-group and related party transactions

As concerns infra-group transactions, the Directors have highlighted, in the Notes to the financial statements and the Report on Operations, just as in previous years, the existence of commercial and financial relations between the Group companies, specifying that said transactions are part of ordinary operations and regulated at market conditions.

Related party transactions refer almost entirely to operations carried out with the aim of rationalising business and ensuring cost effectiveness with subsidiaries and associates; these come under the scope of ordinary operations, are settled at arm's length and are explained in the Report on Operations and Notes to the financial statements.

Opinions given by the Board of Auditors

In the course of the year, the Board of Statutory Auditors issued the following opinions: redetermination of the consideration of certain Directors and executives, assignment of the audit engagement, legitimacy and merit of the variable consideration to be paid to certain Directors.

Supervision of the suitability of the organisational structure

The Board of Auditors has been suitably informed of all interventions on the Group's organisational structure, developed according to standards of coherence between form and substance, verifying that the decision-making structure of the Company coincides with the delegations assigned.

Requirements connected with Legislative Decree no. 231/2001

With reference to the organisational and procedural activities implemented in accordance with and pursuant to Legislative Decree no. 231/2001 for the administrative liability of entities for the crimes envisaged by the legislation, the Board of Auditors has acknowledged, both during the meetings with the Supervisory Body and in the regular reports prepared by said Body on the activities carried out, that no significant critical issues have emerged concerning the implementation and effectiveness of the Organisation, Management and Control Model.

Privacy regulations

During the year, the Group adequately conducted its security policies in order to ensure an adequate level of protection of personal data subject to processing in application of the regulatory amendments introduced by the new EU 2016/679 European data protection regulation, which came into force in all European countries on 25/05/2018, known as GDPR (General Data Protection Regulation): to this end, on 24/03/2020, the company formally appointed the Law Firm ICT Legal Consulting as Data Protection Officer and communicated in the legal ways the contact details of the Data Protection Officer to relevant supervisory authorities: by a resolution approved by the Board of Directors on 22.03.2022, the company has now assigned this engagement to ICTLC S.p.a., a company that makes use of the expertise of ICT Legal Consulting and ICT Cyber Consulting.

Supervision of the suitability of the administrative-accounting system

With reference to the supervisory activities regarding the suitability of the administrative-accounting system and its reliability in terms of providing a correct representation of management events, the Board of Auditors acknowledges that it has received suitable information on the monitoring of business processes with an administrative-accounting impact under the scope of the Internal control system, carried out both during the year in connection with the regular reports on operations and during the closure of the accounts in order to prepare the financial statements. The suitability of the administrative-accounting system was also assessed through the acquisition of information from the managers of the respective departments and the analysis of the results of the work carried out by the Independent auditing firm.

The Board of Auditors has monitored compliance with the legislation on the preparation and publication of the Interim Report and Interim Reports on Operations and on the structure given to them and the correct application of accounting standards, also using the information obtained from the Independent auditing firm.

Omissions or inappropriate actions

Following the supervisory and control activities carried out during the year, the Board of Auditors can certify and note that:

- during the course of its activities, no omissions or irregularities or inappropriate actions or in any case significant actions worthy of note took place, which would need to be reported to the control bodies or described in this report;
- the Board of Auditors did not receive any notifications in accordance with article 2408 of the Italian Civil Code or any claims made by third parties;
- no transactions were identified, either with third parties or infra-group and/or with related parties, that suggest any atypical or unusual elements, in terms of content, nature, dimensions and time frame.

Supervision of the statutory auditing of the accounts

During the year, regular relations were engaged in with the Independent auditing firm, both through formal meetings also attended by the Company's administrative managers and informal meetings between individual members of the Board and representatives of the Independent auditing firm, in order to allow for a mutual exchange of significant data and information, in compliance with the provisions of article 150 of Italian Legislative Decree 58/98. Complete collaboration was afforded at all times, including as regards the preparation of the annual financial statements and no critical issues worthy of mention were noted.

Supervisory activities with regard to the annual and consolidated financial statements

As regards the annual financial statements, please note the following:

– the Board of Auditors has ascertained, through direct checks and information obtained from the Independent auditing firm, due compliance with the provisions of law governing the preparation and structure of the financial statements and Report on Operations, the tables of the financial statements used, certifying the correct use of accounting standards as described in the Notes to the financial statements and Company's Report on Operations;
– the Notes to the financial statements give, where necessary, the information required by the international accounting standards on impairment. Compliance of the impairment testing procedure with the requirements of IAS 36 and the Joint Document prepared by the Bank of Italy/Consob/Isvap no. 4 of 03 March 2010 was adequately assessed by the Board of Directors in the meeting held on 22/03/2022. The Board of Statutory Auditors shared the assessments made by the Directors.
The financial statements are compliant with the events and information of which the Board of Auditors has become aware under the scope of the exercise of its duties of supervision and its powers of control and inspection.
The Report on Operations meets legal requirements and is coherent with the data and results of the financial statements; it provides an extensive disclosure on the important activities and operations, of which the Board of Auditors had been promptly made aware, and on the main risks of the Company and subsidiary companies and on infra-group and related party transactions.

Observations regarding the annual financial statements and their approval

The draft financial statements for the year ended on 31 December 2021 have been approved by the administrative body and consist of the Balance Sheet, Income Statement, Notes and Cash Flow Statement. Moreover:
•the documents were delivered to the Board of Auditors in time to allow for their deposit at the Company's office complete with this report, regardless of the terms envisaged by article 2429, par. 1 of the Italian Civil Code,
•the Independent auditing firm has issued its report in accordance with articles 14 and 16 of Legislative Decree no. 39/2010, stating that the annual financial statements as at 31 December 2021 are compliant with the International Financial Reporting Standards - IFRS - adopted by the European Union and the provisions issued in implementation of article 9 of Italian Legislative Decree no. 38/2005 and have been prepared clearly, providing a truthful, correct representation of the equity and financial position, the economic result and cash flow of GROWENS S.p.A. for the year ended as at that date.
The auditing report gives opinions on the consistency with the financial statements of the Report on Operations and information on the Corporate Governance Report pursuant to article 123-bis of Italian Legislative Decree 58/98.
The draft financial statements were therefore further examined, regarding which the following additional information is provided:
•the Board has expressed its consent to the recognition as intangible assets of the development costs for Euro 2,364,619 in relation to the future usefulness of the Mailup platform under realisation;
•as already mentioned, the Company has adopted the international accounting standards IAS/IFRS as from 2016. To this end, the Board of Auditors has ascertained the suitability, in terms of method, of the impairment testing process implemented to ascertain that assets are booked at a value that does not exceed their recoverable amount and that, therefore, they have not suffered impairment to be recognised at the date of year-end close. The Board of Auditors agreed with the Board of Directors' assessment regarding not applying these measurement processes (impairment test), since there were no signs of a loss of value of intangible assets.

Period result

The net result ascertained by the administrative body in relation to the year ended on 31/12/2021 is positive for Euro 862,186.

For all that is explained in this report, the Board of Auditors has no observations to make regarding the approval of the financial statements as at 31 December 2021 and the proposal made by the Board of Directors as to the allocation of the period profit.

Conclusions

On the basis of the foregoing and insofar as the Board of Auditors is aware and as has been seen from the regular controls performed, it is unanimously agreed that there is no reason why you should not approve the draft Financial Statements for the year ended on 31.12.2021 as they have been prepared and proposed to you by the administrative body.

Cremona, 06.04.2022
The Board of Auditors
Michele Manfredini (Chairman)
Giovanni Rosaschino (Regular Auditor)
Fabrizio Ferrari (Regular auditor)

11. Independent Auditors' Report on the Separate Financial Statements as at 31/12/2021

Growens S.p.A.

Independent Auditors' report in accordance with article 14 of legislative decree N. 39 of January 27, 2010

Financial statements as of December 31, 2021

This report has been translated into English from the original, which was prepared in Italian and represents the only authentic copy, solely for the convenience of international readers.

MCP/VDL/cpo - RC037242021BD1257

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Independent Auditors' report
in accordance with article 14 of legislative decree n. 39 of January 27, 2010

To the shareholders of
Growens S.p.A.

Report on the financial statements

Opinion

We have audited the accompanying financial statements of Growens S.p.A. (the "Company"), which comprise the statement of financial position as of December 31, 2021, the statement of comprehensive income, the statement of cash flow and the statement of changes in shareholders equity for the year then ended, a summary of significant accounting policies and other explanatory notes.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as of December 31, 2021, of the result of its operations and its cash flow for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities For The Audit Of The Financial Statements* section of this report. We are independent of the company in accordance with ethical requirements and standards applicable in Italy that are relevant to the audit of financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Directors and Those Charged with Governance for the Financial Statements

The Directors of Growens S.p.A. are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and, within the limits of the law, for such internal control as Directors they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance are responsible, within the terms provided by the law, for overseeing the Company's financial reporting process.

Bari, Bologna, Brescia, Cagliari, Firenze, Genova, Milano, Napoli, Padova, Palermo, Roma, Torino, Verona

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Auditor's Responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of the audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. Furthermore:

- Identify and assess the risk of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures in response to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control;
- Obtain and understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- Evaluate the appropriateness of accounting principles used and the reasonableness of accounting estimates and related disclosures made management;
- Conclude on the appropriateness of management's use of the going concern and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions in a manner that achieves fair presentation.

We communicate with those charged with governance, identifies at an appropriate level as required by ISA Italia regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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Report on other legal and regulatory requirements

Opinion pursuant to article 14, paragraph 2, letter e), of Legislative Decree n. 39/10

The directors of Growens S.p.A. are responsible for the preparation of the report on operations and of the corporate governance report of Growens S.p.A. as of December 31, 2021, including their consistency with the financial statements and their compliance with the applicable laws and regulations.

We have performed the procedures required under audit standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations with the financial statements of Growens S.p.A. as of December 31, 2021 and on their compliance with the applicable laws and regulations, and in order to assess whether they contain material misstatements.

In our opinion, the report on operations and the above mentioned specific information of the corporate governance report are consistent with the financial statements of Growens S.p.A. as of December 31, 2021 and are compliant with applicable laws and regulations.

With reference to the assessment pursuant to article 14, paragraph. 2, letter e), of Legislative Decree n. 39/10 based on our knowledge and understanding of the entity and its environment obtained through our audit, we have nothing to report.

Milan, April 6, 2022

BDO Italia S.p.A.
Signed by
Manuel Coppola
Partner

This report has been translated into English from the original, which was prepared in Italian and represents the only authentic copy, solely for the convenience of international readers.

GROWENS

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