Consolidated and Separate Financial Statements as at 31 December 2022

Financial statements prepared in accordance with IAS/IFRS accounting standards

- Figures in Euro -

Table of Contents

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

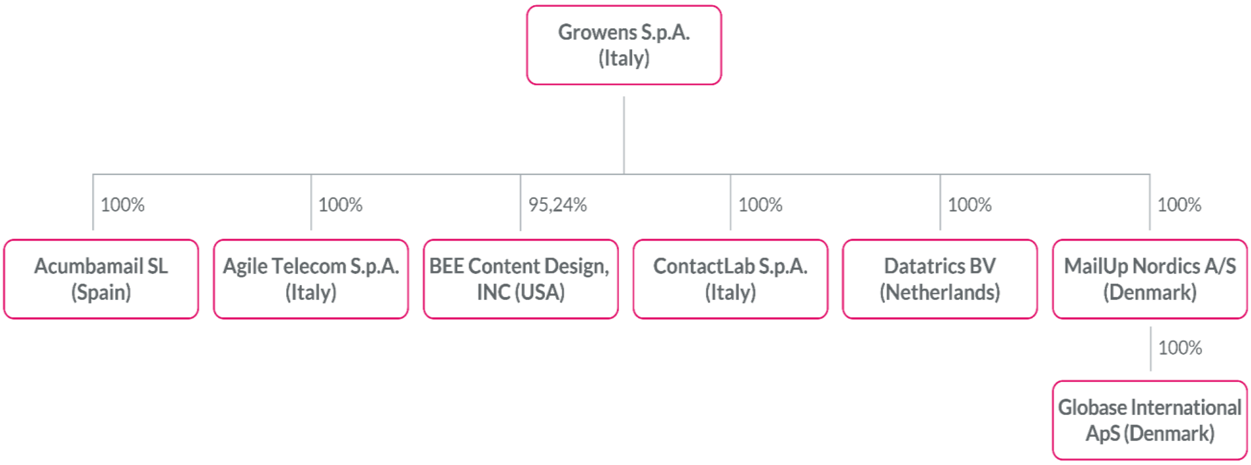
(In office until the approval of the financial statements as at 31 December 2022) BDO Italia S.p.A.

1. Growens Group, European leader in Cloud Marketing Technologies

The Growens Group (hereinafter also the "Growens Group" or the "Group") 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, (v) digital agency services for enterprise customers with specialization in customer engagement. 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 9,500 direct customers, in addition to over 15,500 customers of the other 5 business units and over 780,000 customers of the free editions of various services, in particular offered by BEE Content Design Inc. (hereinafter also "BEE"). At consolidated level, the Group operates with about 25,000 customers distributed in more than 150 countries and is present with its offices on three continents with a staff of over 450 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 and LatAm market), Globase (Nordics market), Agile Telecom (SMS wholesale market), Datatrics (artificial intelligence), Contactlab S.p.A. (hereinafter "Contactlab") (E-mail marketing enterprise Italian market).

Growens Group structure

Below is the organizational structure of the Group as at 31 December 2022:



On 4 May 2022, Growens finalized the acquisition of the entire capital of Contactlab, a leading Italian company active in cloud-based marketing services founded in 1998 by former CEO and majority shareholder Massimo Fubini. Specifically, the transaction was finalized through the acquisition for a total consideration of Euro 5 million settled as follows:

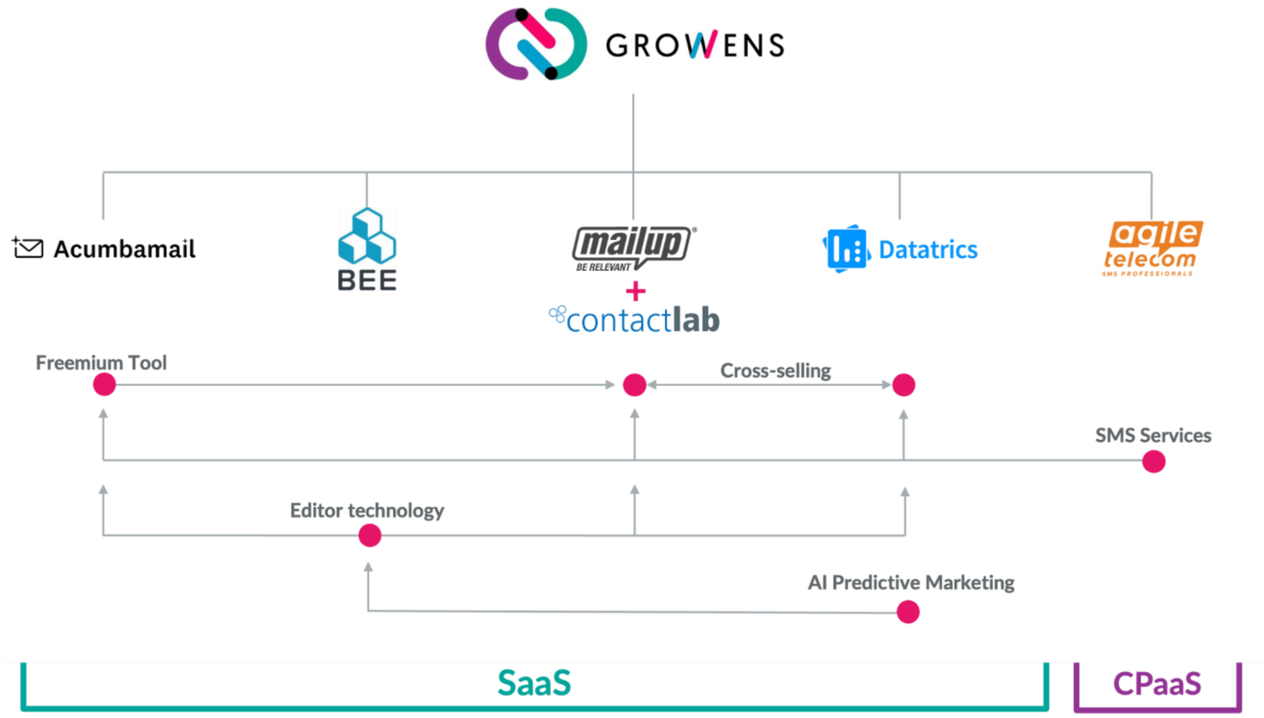
(i) for a total of Euro 3.75 million, for cash paid at closing;

(ii) for a total of Euro 1.25 million in kind through the transfer of a total of 188,822 treasury shares of the Company as of the closing date.

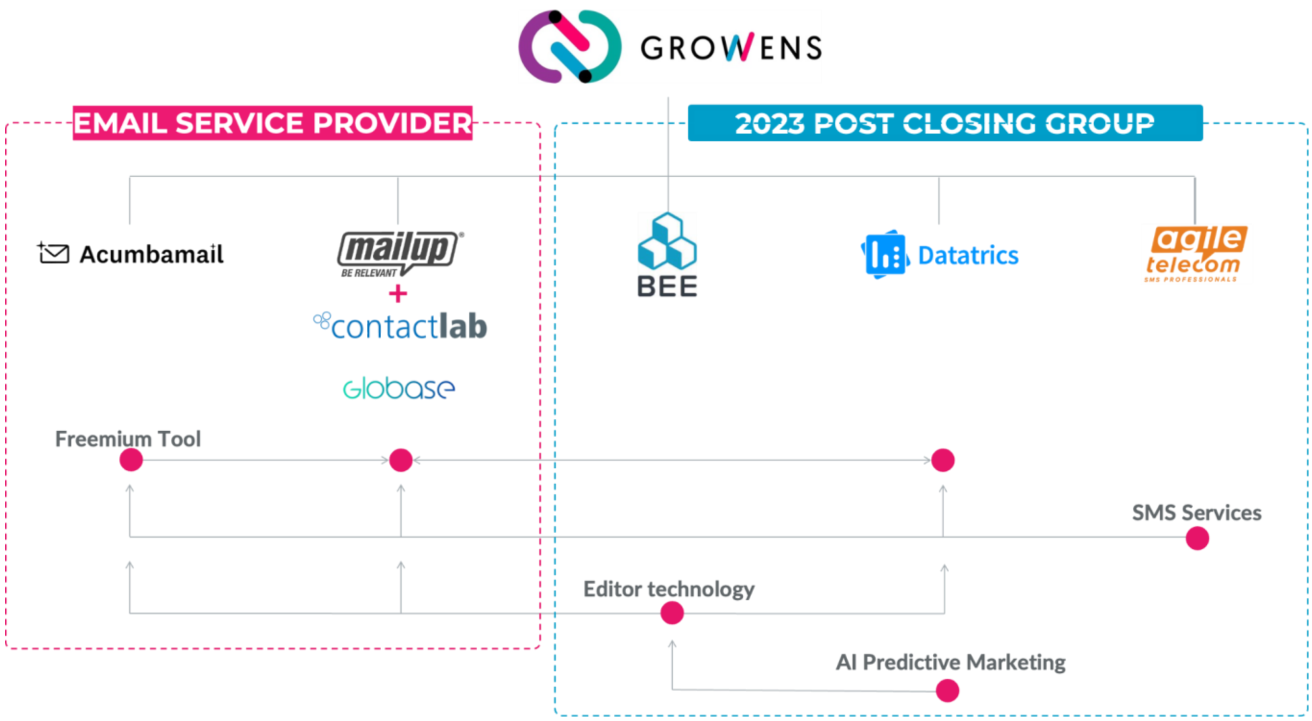
As a result of the transaction, the sellers hold a total stake in Growens of approximately 1.3% of the share capital.

On 3 February 2023, the Company announced the signing of a binding agreement for the sale of the Growens business unit MailUp and its shareholdings in Contactlab S.p.A., Acumbamail S.L., MailUp Nordics A/S and its subsidiary Globase International A.p.S. to TeamSystem S.p.A. for a total consideration of Euro 70 million on a cash/debt free basis, subject to adjustments related to the actual working capital and net financial position values of the perimeter being sold at the Closing date, indicatively expected by June 2023.

All the entities in the above chart are 100% owned by Growens, except BEE Content Design Inc. (formerly MailUp Inc.), 95.24% owned. As at 31 December 2022, the strategic interactions between the legal entities forming part of the Group are summarized in the graphical representation below:



Based on events immediately after the close of the 2022 financial year, the Group's transitional structure is summarized as follows:



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

Acumbamail

and management of multi-channel marketing campaigns, allowing to track the relative performance in real time. About 3,600 paying customers use the services of the Spanish subsidiary. Including also the free plans, there are about 50,000 units.

Agile Telecom S.p.A. 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 2.2 billion messages sent in 2022 and manages the sending out of promotional and transactional A2P messages (One-Time Password, notifications and alerts) on behalf of about 1,900 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 content 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 600,000 free users and about 11,000 customers, both in the Plug-in version, adopted by over 1,000 SaaS applications, from start-ups to multinational companies, many of which are based in Silicon Valley, both in the Pro version, appreciated by e-mail designers, large companies (such as Netflix, Spotify, Novartis, Google) 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.

Contactlab S.p.A., acquired on 4 May 2022, based in Milan, is the owner of a proprietary digital marketing platform based on Engagement Intelligence, offering its products and services to nearly 400 clients in the enterprise segment of various industries. Its customer base - 85% of which is concentrated in Italy - is strongly complementary with the customer base of the MailUp business unit, which focuses on the SMB (small-medium business) segment. Contactlab consists of two divisions: a product division (the “Tech Division”) and a digital agency services division (the “Agency Division”) specializing in customer engagement. Following the acquisition by Growens, the activity of the former division was combined with, and coordinated with, that of the MailUp business unit, thus expanding the range of services to meet the needs of the most sophisticated customers in terms of data management - also in real time - and marketing automation.

Datatrics B.V., a Dutch company established in 2012 that owns a cutting-edge proprietary predictive marketing platform used by about 260 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.

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 independent business unit, but 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.

2. Summary data

Significant events in the year ended as at 31 December 2022

In 2022, the activities of the Group were characterised by the events indicated below:

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.

On 4 April 2022, the Company announced the signing of a binding agreement to acquire 100% of Contactlab S.p.A., a leading Italian company active in cloud-based marketing services. The transaction, aimed at increasing the size and capitalization of the Group, creating an increasingly integrated operator in the field of cloud marketing technologies and with a clear leadership position in Italy, was completed on 4 May 2022. Following the transaction, Massimo Fubini (CEO and founder of Contactlab) took over as head of the combined MailUp+Contactlab business unit, and holds a stake in Growens.

On 22 April 2022, the Company announced - on the occasion of World Earth Day 2022 - the launch of “One Tree, One Customer”, the sustainability initiative that envisages the planting of a tree for every new customer acquired by all five Business Units that make up the Group. The project, implemented in collaboration with Tree-Nation and in line with the comprehensive and strategic ESG approach adopted by Growens, aims to proactively contribute to the well-being of the planet. After having already collaborated with other associations in planting trees with the creation of the Growens Forest and certified the carbon neutrality of the growens.io website, Growens is relaunching its commitment to the environment with the aim of becoming not only carbon neutral - i.e. offsetting the CO2 emitted - but climate positive, i.e. generating a positive, and not just neutral, impact on the planet. In concrete terms, the mechanism behind the operation of the “One Tree, One Customer” project is very simple: as soon as new customers purchase one of the services offered by the Growens Group Business Units, they receive an invitation to plant their tree by e-mail. In this way, the new customers will be able to know the exact location of their tree and its species, with complete transparency. The trees planted will thus add to the Growens forest, a project that began in 2007 and has continued uninterruptedly over the years thanks to partnerships with various certified international associations such as Lifegate, Treedom and, more recently, Tree-Nation. By the beginning of 2021, Growens has enabled the planting of more than 1,700 trees, mainly located in Kenya and Nepal, and the offsetting of almost 600 tons of CO2. The forest and its impact are visible and updated in real time at tree-nation.com/profile/growens.

On 11 July 2022, the Company announced the appointment of Luca Azzali as Corporate Development Director within the Holding Company, consistent with the Company's industrial design and development plans, with responsibility for strategy and development by external lines, identifying the best opportunities for growth. Also announced on the same date was the approval of an agreement amending the investment agreement signed on 19 September 2018 between the Company, on the one hand, and BMC Holding B.V., Inbeta Holding B.V. and GO Holding B.V., on the other hand, as selling parties, of the entire share capital of Datatrics B.V., concerning the amounts to be paid as earn-out. According to the latter agreement, the amount to be paid by the Company as earn-out was determined as follows: (i) in the amount of Euro 1M, in cash; (ii) 422,297 ordinary shares of the Company, by offsetting the subscription price, including share premium, owed by BMC Holding B.V. (shares subject to the same lock-up agreements as in the Investment Agreement). As a result of these changes, (i) the amount of the capital increase to be allocated to the Capital Increase is equal to Euro 10,557.43 (plus share premium); (ii) the precise price of the shares subscribed by BMC Holding B.V. is equal to Euro 2.368 each, setting at Euro 0.025 each the amount to be allocated to the share capital and Euro 2.343 each the amount to be allocated to the share premium reserve; (iii) the number of new shares of the Company issued and subscribed by BMC Holding B.V. is equal to 422,297; (iv) the resolved share capital was realigned for the non-executed portion in the nominal amount of Euro 21,114.85 and the transitional clause introduced at the time was removed from the Company's Articles of Association, and, on the occasion of the corporate fulfilments related to the signing of the Amending Agreement, the resolved share capital was realigned for the nominal amount of Euro 567.00, for the non-executed portion of the 2016 Stock Option Plan, now expired. Accordingly, the resolved share capital of Growens currently amounts to a nominal Euro 413,238.80 and the subscribed and paid-up share capital amounts to a nominal Euro 384,833.58, divided into 15,393,343 outstanding ordinary shares. BMC Holding B.V. owns a total of 1,010,156 ordinary shares, representing 6.6% of the Company's share capital.

On 29 August 2022, Growens announced the appointment of Luca Penati as the new Chief Marketing and Communications Officer of BEE, the leading Business Unit offering no-code design tools that make it possible for everyone to create digital content quickly and easily. As CMCO, the Italian manager reports directly to BEE CEO Massimo Arrigoni and will lead marketing and communication worldwide, building on the success of BEE visual builders in many sectors and countries. Luca Penati brings more than three decades of experience in international marketing and communication to the BEE business unit. Having developed professionally in Italy, Penati moved to Silicon Valley in 1999 to work for Apple. Since then, he has held management roles in marketing and communications agencies such as Edelman, Ogilvy and Weber Shandwick, shaping, building and protecting brands from start-ups to the

Fortune 500. He was recently the founder and chief consultant of Penati and Partners, a marketing and communications consultancy dedicated to start-ups.

On 20 December 2022, the Company announced the upgrade of the Datatrics Customer Data Platform with the introduction of two new features: (i) Audience 2.0, an algorithm capable of automatically capturing all customer data from 50 different channels to build a 360° customer profile, and (ii) Touchpoint Builder, a feature that allows marketers worldwide to create customized touchpoints quickly, user-friendly and accessible to all without the need for technical HTML and CSS skills.

3. Summary report

Consolidated Income Statement as at 31 December 2022 – Amounts in Euro

	31/12/2022	%	31/12/2021	%	Change	Cha. %
Revenues SaaS	38,692,028	37.4 %	26,089,735	36.6%	12,602,293	48.3%
Revenues CPaaS	63,312,092	61.3 %	44,070,048	61.9%	19,242,044	43.7 %
Other revenues	1,354,293	1.3 %	1,077,179	1.5%	277,114	25.7 %
Total revenues	**103,358,412**	**100.0 %**	**71,236,961**	**100.0%**	**32,121,452**	**45.1 %**
COGS costs	72,537,675	70.2 %	47,436,618	66.6%	25,101,057	52.9 %
Gross profit	**30,820,738**	**29.8 %**	**23,800,343**	**33.4%**	**7,020,394**	**29.5 %**
S&M costs	9,986,088	9.7 %	7,323,997	10.3%	2,662,090	36.6 %
R&D costs	**4,507,146**	**4.4 %**	**3,175,065**	**4.5%**	**1,332,081**	**42.0 %**
Capitalized R&D costs	*(3,850,637)*	*(3.7 %)*	*(2,661,338)*	*(3.7%)*	*(1,189,299)*	*44.7 %*
R&D costs	8,357,783	8.1 %	5,836,403	8.2%	2,521,380	43.2 %
General costs	12,229,875	11.8 %	8,099,937	11.4%	4,129,938	51.0 %
Total costs	**26,723,109**	**25.9 %**	**18,599,000**	**26.1%**	**8,124,110**	**43.7%**
EBITDA	**4,097,629**	**4.0 %**	**5,201,344**	**7.3%**	**(1,103,715)**	**(21.2)%**
General amortization, depreciation and provisions	451,347	0.4 %	344,028	0.5%	107,319	31.2 %
Amortization right of use	999,342	1.0 %	1,188,778	1.7%	(189,435)	(15.9 %)
Amortization R&D	3,952,461	3.8 %	2,385,842	3.3%	1,566,619	65.7%
Impairment and provisions	1,542,000	1.5 %	150,666	0.2%	1,391,334	923.5 %
Amortization, depreciation and provisions	**6,945,150**	**6.7 %**	**4,069,313**	**5.7%**	**2,875,837**	**70.7 %**
EBIT	**(2,847,521)**	**(2.8 %)**	**1,132,031**	**1.6%**	**(3,979,552)**	**(351.5%)**
Financial operations	(272,795)	(0.3 %)	(49,653)	(0.1%)	(223,141)	(449.4%)
EBT	**(3,120,316)**	**(3.0 %)**	**1,082,377**	**1.5%**	**(4,202,693)**	**(388.3 %)**
Income tax	(184,723)	(0.2 %)	(848,723)	(1.2%)	664,001	(78.2 %)
Deferred tax assets (liabilities)	741.0369	0.7 %	134,955	0.2%	606,081	449.1 %
Period profit/(loss)	**(2,564,003)**	**(2.5 %)**	**368,608**	**0.5%**	**(2,932,611)**	**(795.6 %)**
Group profit (loss)	**(2,516,005)**	**(2.4 %)**	**387,098**	**0.5 %**	**(2,903,103)**	**(750.0 %)**
Minority interest profit (loss)	**(47,998)**	**(0.0 %)**	**(18,489)**	**0.0 %**	**(29,508)**	**159.6 %**

Consolidated Balance Sheet as at 31 December 2022 – Amounts in Euro

	31/12/2022	31/12/2021	Change	Cha. %
Intangible fixed assets	11,021,312	6,934,260	4,087,052	58.9 %
Goodwill	17,321,151	15,326,343	1,994,808	13.0 %
Tangible fixed assets	1,204,296	1,451,491	(247,195)	(17%)
Right of Use	2,282,409	3,168,182	(885,773)	(28%)
Financial fixed assets	301,952	200,985	100,968	50.2 %
Fixed assets	**32,131,120**	**27,081,261**	**5,049,859**	**18.6 %**
Receivables from customers	16,721,062	12,465,270	4,255,792	34.1 %
Amounts due to suppliers	(14,871,582)	(14,188,380)	(683,202)	4.8 %
Amounts due to associated companies	-	(2,000)	2,000	(100.0 %)
Commercial working capital	**1,849,481**	**(1,725,110)**	**3,574,591**	**(207.2 %)**
Tax receivables and payables	756,563	(424,256)	1,180,819	(278.3 %)
Accruals and deferrals	(9,236,163)	(7,845,047)	(1,391,116)	17.7 %
Other receivables and payables	(4,147,048)	(3,589,466)	(557,582)	15.5 %
Net working capital	**(10,777,167)**	**(13,583,879)**	**2,806,712**	**(20.7 %)**
Provisions for risks and charges	(354,667)	(221,667)	(133,000)	60.0 %
Provision for severance indemnity (TFR)	(3,976,471)	(2,265,831)	(1,710,640)	75.5 %
Net invested capital	**17,022,816**	**11,009,885**	**6,012,931**	**54.6 %**
Share capital	384,834	374,276	10,557	2.8%
Reserves	19,279,481	16,775,315	2,504,166	14.9 %
Period profit/(loss)	(2,516,005)	387,098	(2,903,103)	(750.0%)
Shareholders’ equity of minority interests	(59,974)	(6,086)	(53,888)	885.5 %
Shareholders’ equity	**17,088,335**	**17,530,603**	**(442,268)**	**(2.5 %)**
Cash	(7,153,665)	(13,324,983)	6,171,318	(46.3%)
Short-term payables	1,880,773	1,234,624	646,149	52.3 %
Short-term liabilities for rights of use	817,672	998,388	(180,716)	(18.1%)
Medium/long-term payables	2,869,072	2,270,862	598,210	26.3 %
Medium/long-term liabilities for rights of use	1,520,629	2,300,390	(779,762)	(33.9 %)
Net financial position	**(65,519)**	**(6,520,719)**	**6,455,199**	**(99.0 %)**
Total sources	**17,022,816**	**11,009,885**	**6,012,931**	**54.6 %**

Growens Separate Income Statement as at 31 December 2022 – Amounts in Euro

	31/12/2022	%	31/12/2021	%	Delta	Delta %
Revenues SaaS	17,437,058	63.2%	15,713,220	67.9%	1,723,838	10.9%
Intercompany Revenues	9,339,654	33.9 %	6,614,527	28.6%	2,725,127	41.2 %
Other revenues	812,040	2.9 %	816,688	3.5%	(4,647)	(0.6 %)
Total revenues	**27,588,753**	**100.0 %**	**23,144,435**	**100.0 %**	**4,444,318**	**19.2 %**
COGS costs	8,400,977	30.5 %	6,883,821	29.7 %	1,517,157	22.0 %
Gross profit	**19,187,775**	**69.5 %**	**16,260,615**	**70.3 %**	**2,927,161**	**18.0 %**
S&M costs	4,675,242	16.9 %	4,411,361	19.1 %	263,880	6.0 %
R&D costs	**5,222,659**	**18.9 %**	**3,786,031**	**16.4 %**	**1,436,628**	**37.9 %**
Capitalized R&D costs	(978,979)	(3.5 %)	*(859,913)*	*(3.7%)*	(119,066)	13.8 %
R&D costs	6,201,639	22.5 %	*4,645,944*	*20.1 %*	1,555,694	33.5 %
General costs	7,445,951	27.0 %	5,423,375	23.4 %	2,022,576	37.3 %
Total costs	**17,343,852**	**62.9 %**	**13,620,768**	**58.9 %**	**3,723,084**	**27.3 %**
EBITDA	**1,843,924**	**6.7 %**	**2,639,847**	**11.4 %**	**(795,923)**	**(30.2 %)**
General amortization, depreciation and provisions	201,385	0.7 %	198,378	0.9 %	3,007	1.5 %
Amortization right of use	754,354	2.7 %	889,620	3.8 %	(135,266)	(15.2 %)
Amortization R&D	1,610,840	5.8 %	1,322,406	5.7 %	288,434	21.8 %
Impairment and provisions	1,542,000	5.6 %	150,680	0.7 %	(1,391,320)	923.4%
Amortization, depreciation and provisions	**4,108,578**	**14.9 %**	**2,561,083**	**11.1 %**	**1,547,495**	**60.4 %**
EBIT	**(2,264,654)**	**(8.2 %)**	**78,764**	**0.3 %**	**(2,343,418)**	**(2,975.3 %)**
Financial operations	1,548,627	5.6 %	1,071,560	4.6 %	477,067	44.5 %
EBT	**(716,028)**	**(2.6 %)**	**1,150,323**	**5.0 %**	**(1,866,351)**	**(162.2 %)**
Income tax	(46,295)	(0.2 %)	(70,258)	(0.3%)	23,963	(34.1 %)
Deferred tax assets (liabilities)	165,173	0.6 %	(217,879)	(0.9%)	383,052	(175.8%)
Period profit/(loss)	**(597,150)**	**(2.2 %)**	**862,186**	**3.7 %**	**(1,459,336)**	**(169.3 %)**

Growens Separate Balance Sheet as at 31 December 2022 – Amounts in Euro

	31/12/2022	31/12/2021	Change	Cha. %
Intangible fixed assets	3,597,100	3,659,270	(62,170)	(1.7 %)
Tangible fixed assets	1,056,373	1,354,448	(298,075)	(22.0 %)
Right of Use	1,966,180	2,708,323	(742,142)	(27.4 %)
Financial fixed assets	23,546,383	19,282,090	(4,264,293)	22.1 %
Fixed assets	**30,166,037**	**27,004,132**	**3,161,905**	**11.7 %**
Receivables from customers	2,799,852	2,991,636	(191,784)	(6.4 %)
Receivables from subsidiaries	7,389,892	3,889,379	3,500,514	90.0 %
Amounts due to suppliers	(1,828,811)	(1,588,326)	(240,485)	15.1 %
Amounts due to subsidiaries	(2,726,731)	(1,750,832)	(975,899)	55.7 %
Amounts due to associated companies		(2,000)	2,000	(100.0 %)
Commercial working capital	**5,634,202**	**3,539,856**	**2,094,345**	**59.2 %**
Tax receivables and payables	182,716	(139,312)	322,027	(231.2 %)
Accruals and deferrals	(6,106,645)	(6,239,454)	132,809	(2.1 %)
Other receivables and payables	(2,509,766)	(3,338,334)	828,568	(24.8 %)
Net working capital	**(2,799,494)**	**(6,177,244)**	**3,377,750**	**(54.7 %)**
Provisions for risks and charges	(266,667)	(166,667)	(100,000)	60.0 %
Provision for severance indemnity (TFR)	(1,896,117)	(1,999,034)	102,917	(5.1 %)
Net invested capital	**25,203,760**	**18,661,187**	**6,542,573**	**35.1 %**
Share capital	384,834	374,276	10,557	2.8 %
Reserves	21,330,672	18,640,036	2,690,636	14.4 %
Period profit/(loss)	(597,150)	862,186	(1,459,336)	(169.3 %)
Shareholders' equity	**21,118,356**	**19,876,498**	**1,241,857**	**6.2 %**
Cash	(1,591,258)	(7,485,288)	5,894,030	(78.7 %)
Short-term payables	1,505,389	1,194,687	310,702	26.0 %
Short-term liabilities for rights of use	674,635	776,497	(101,861)	(13.1 %)
Medium/long-term payables	2,179,506	2,270,862	(91,356)	(4.0 %)
Medium/long-term liabilities for rights of use	1,317,132	2,027,930	(710,798)	(35.1 %)
Net financial position	**4,085,404**	**(1,215,312)**	**5,300,716**	**(436.2 %)**
Total sources	**25,203,760**	**18,661,187**	**6,542,573**	**35.1 %**

4. Consolidated and separate annual Report on Operations for the year as at 31 December 2022

The year ended on 31 December 2022 records a negative consolidated result of Euro 2,564,003, net of losses pertaining to minorities for Euro 47,998, after amortization, depreciation and impairment applied for a total of Euro 6,945,150 and deferred tax assets for Euro 556,313 net of current taxes for Euro 184,723. The positive EBITDA of the Growens Group amounted to Euro 4,097,629 in the reporting year.
The annual financial statements of the parent company Growens for the same period, recorded a negative result of Euro 597,150 with positive EBITDA of Euro 1,843,924.
Below is the analysis of the position and the trend of operations relative to 2022 at consolidated level.

Introduction

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

This Report, drawn up with balances expressed in Euro, is presented so as to accompany the consolidated and separate annual financial statements for the purpose of providing income-related, equity, financial and operating information accompanied, where possible, by historic elements and forecasts valuations.
The figures as at 31 December 2021 for the Balance Sheet and Income Statement are shown for comparative purposes. The consolidation of the Contactlab income statement refers exclusively to revenues and costs as of May 2022, as the acquisition was actually realized with the closing on 4 May 2022. For the same reason, the comparative income statement and balance sheet figures do not include the values referring to Contactlab, as these were prior to the date from which the consolidation started.
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 2022):

Company name	Registered office	Share capital	Percentage of ownership
GROWENS S.p.A.	Milan	Euro 384,833	parent company
CONTACTLAB S.p.A.	Milan	Euro 1,228,572	100%
BEE CONTENT DESIGN 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 S.L.	Spain	Euro 4,500	100%
DATATRICS B.V.	The Netherlands	Euro 999	100%

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

Economic context for FY 2022*

In the course of the 2022 financial year, the problems related to the spread of the Covid-19 virus and the consequent restrictions on economic activities imposed by the competent national and international authorities gradually disappeared. However, once the health emergency was over, the problems related to the Russian/Ukrainian military conflict and, at the same time, in a more generalized way, those related to the supply of energy resources, with the consequent development of a double-digit inflation rate, driven by the sharply rising prices of energy and gas, arose at national and international level. This scenario has led to a revision of the expected growth outlook for the world economy. Throughout the year, inflation, despite some signs of decline, remained high and the central banks of the major advanced countries continued their monetary tightening action; in November and December 2022, the Federal Reserve decided on further increases in the key interest rate, by 75 and 50 basis points respectively; the Bank of England also raised the official rate again. GDP growth estimates have also been revised downwards for the year 2023 and inflation estimates have been revised upwards for 2023-24, reflecting the stronger and more persistent transmission of source pressures to consumer prices and higher wage growth estimates.
According to Bank of Italy estimates, activity in Italy weakened in the last quarter of 2022; both the dampening of the recovery of value added in services, which has now returned to pre-pandemic values, and the decline in industrial production contributed to this. Household spending would have slowed down, despite the income support measures available in a high inflation environment.

In the autumn months, harmonized consumer inflation reached new highs, 12.3% in December on an annual basis, still supported by the energy component, which continued to be transmitted to the prices of other goods and services.
The projections for the Italian economy continue to be purely indicative, given the current context of high uncertainty, mainly related to the evolution of the conflict in Ukraine. It is assumed that the tensions associated with the war would still remain high in the first months of 2023 and would gradually decrease over the forecast horizon; after an increase of almost 4% in 2022, GDP would slow down in 2023 to 0.6%; inflation, which had risen to almost 9% in 2022, would fall to 6.5% in 2023.

* Source: Economic Bulletin 1/2023 - Bank of Italy

The Group

For a more in-depth analysis of the structure of the Group, please refer to the initial pages of this document illustrating the relative details.

Significant events during 2022

For a 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 2022 and Investor Relations activities

Below is some data on the prices and volumes of the Growens stock (GROW) in 2022.

Placing price	Euro 1.92*	29/07/2014
Maximum price FY 2022	Euro 5.36	11/01/2022
Minimum price FY 2022	Euro 3.75	06/12/2022
Price at period-end	Euro 4.29	30/12/2022

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

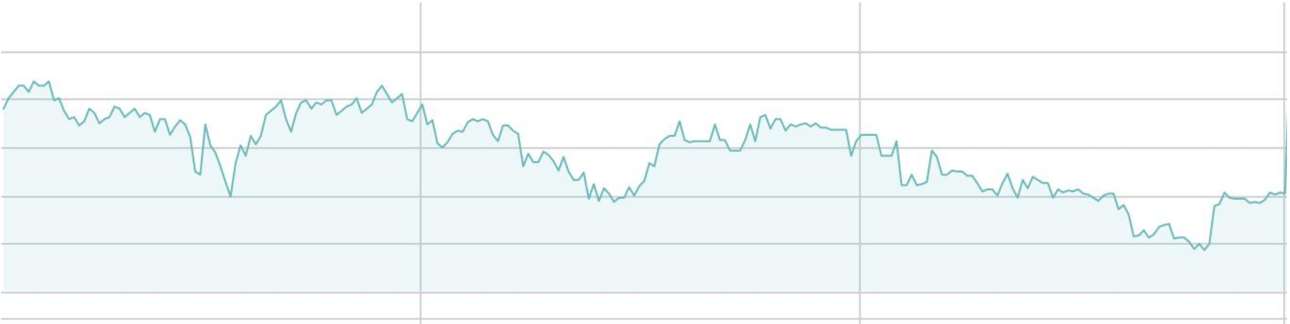
After a start of 2022 characterised by good volumes and a price trend that was more or less stable above Euro 5, the continuation saw prices and volumes fall, partly due to the effects on the markets of a series of macroeconomic dynamics (war in Ukraine, rising inflation, rising energy prices), which led to a major shift in the allocation of investments between growth-type and value-type assets.

During the year 2022 in any case, the GROW share lost a relatively small part of its value, with a negative change of slightly less than 16% between the beginning and end of the year, compared to high double-digit value losses of comparable stocks.

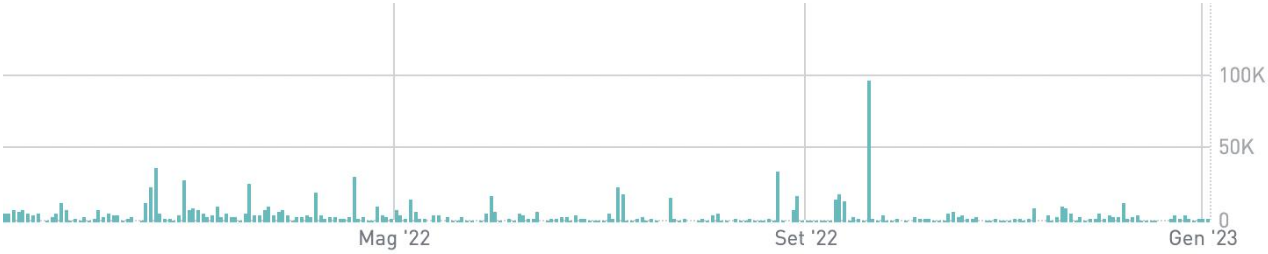
The maximum price recorded on 11 January 2022 at Euro 5.36 per share, equal to the maximum of the period, is about 5% higher than the first listing of the year (Euro 5.10 as of 03 January 2022).

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

Month	Weighted average price €	Average daily volume #
January 2022	5.17	4,669
February 2022	4.87	7,803
March 2022	4.89	5,804
April 2022	5.16	5,278
May 2022	4.80	4,211
June 2022	4.41	2,222
July 2022	4.80	4,690
August 2022	4.87	4,169
September 2022	4.48	7,855
October 2022	4.34	2,155
November 2022	4.01	3,294
December 2022	4.04	2,663



GROW.MI - trend in price January-December 2022 - Source www.borsaitaliana.it



GROW.MI - trend in volumes January-December 2022 - Source www.borsaitaliana.it

In the year ended 31 December 2022, in 22 trading sessions, volumes traded exceeded 10,000 units, with a maximum recorded on 20 September 2022 (97,360 units). In general, the daily volumes traded during the period were on average about 5,600 units, less than the average 9,000 units traded throughout 2021, but indicative of a high loyalty of the stock base in times of crisis that has affected the global financial markets. In 16 trading sessions there were no trades.

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 2022, 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 2022, the Group participated in more than 15 plenary (conferences) and individual (investor day) meetings held mostly in virtual mode, meeting about 140 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 2022, 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.

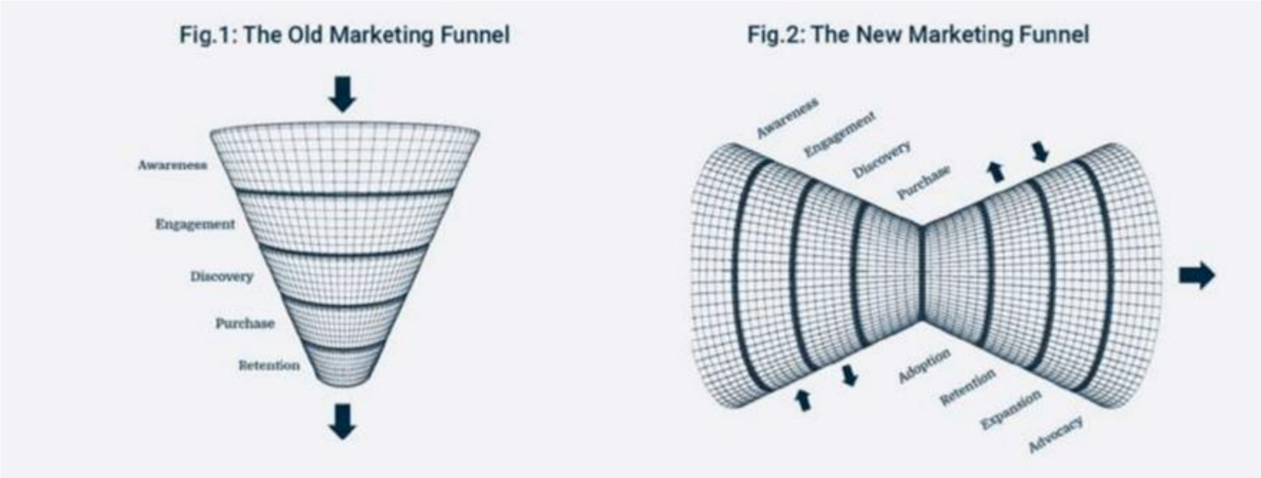
In the extremely complex and fragmented context of the MarTech market it is possible to identify 6 main sub-segments:

- 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 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.

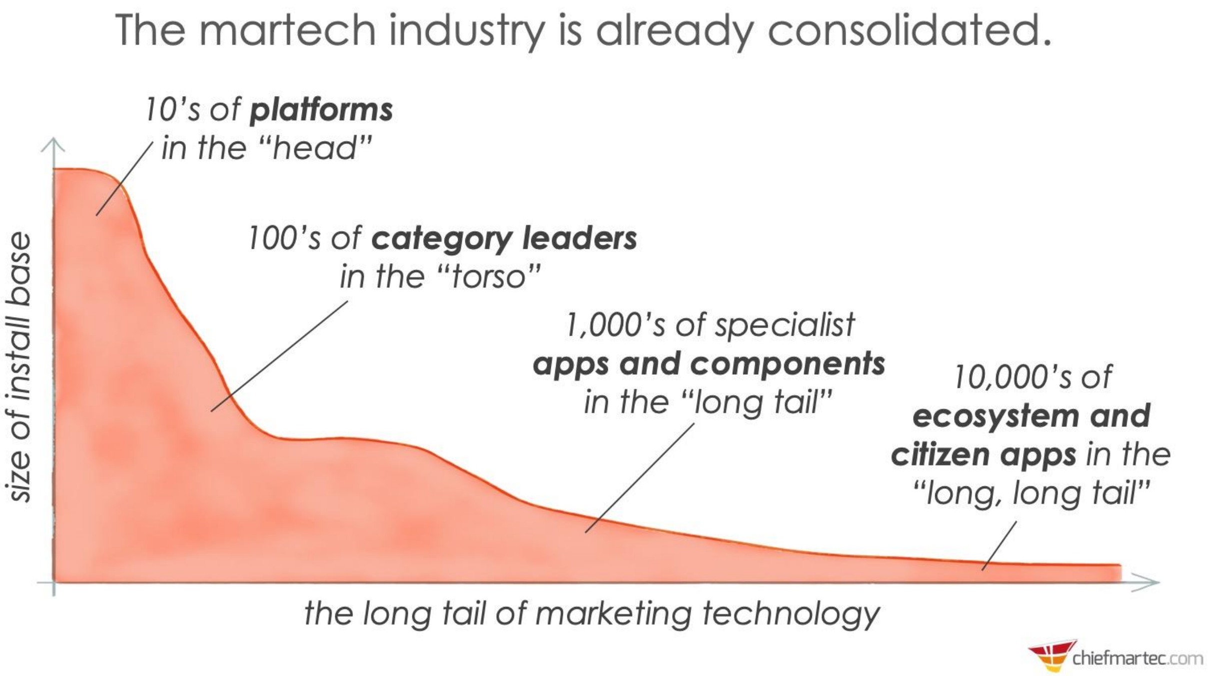
3. **Marketing Automation Segment:** it refers to complex software solutions that allow the workflow management of sophisticated marketing campaigns. The workflow is defined by a sequence of actions that are activated when a particular event occurs. Basic workflows include, for example, welcome e-mails 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.

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 operators 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+Contactlab / Acumbamail	Agile Telecom	Datatrics	BEE	Growens Group
Italy	magnews	kaleyra* SMS it Commify	ADABRA Neosperience*	BEE Pro (for email designers) EDMdesigner TAXI	Constellation Software Inc.*
Europe	dotdigital* CleverReach sendinblue Splio mapp GetResponse	link mobility* tyntec sinch* mitto CM* bics	raptor blueconic CLERK.io selligent optimove agillic mapp Squeezely	FOLEON StampReady Stamplia stripo stensul chamaileon knak	topicus.com* DURA Software
Others	Latin America icommkt emBlue* Rest of the World ActiveCampaign SendGrid* mailchimp KLAVIYO Campaign Monitor Constant Contact	infobip twilio* nexmo bandwidth Clickatell Wavecell	Bluecore Barilliance DYNAMIC YIELD evergage SharpSpring* emarsys mparticle Adobe* TEALIUM	BEE Plugin (for developers) EDMdesigner stripo unlayer MOSAICO	ADDNODE GROUP* Ziff Davis* ZUCCHETTI REDBRICK

Table for illustrative purposes only, the logos remain the property of their respective owners. The asterisk (*) identifies listed companies.

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 2022, the MailUp platform sent about 9 billion e-mails among newsletters, DEM and transactional messages. In this context, the acquisition of Contactlab is particularly significant in that it has the strategic objective of creating a Business Unit that unites MailUp and Contactlab and allows the integration and optimization of the many years of experience developed by Contactlab relating to the cloud marketing services of the "Tech" division and the portfolio of clients in

the enterprise segment that benefit from the digital agency services provided by the "Agency" division.
Agile Telecom has sent over 2.2 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 1,000 applications 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. Recently, BEE launched the freemium model on the BEE Pro version, i.e. a completely free plan that replaces the previous time-limited trial period, which is proving to be very successful not only in terms of increased contacts and interest from potential future clients, but also due to conversions to the paid model.

On 3 February 2023, the Company announced the signing of a binding agreement to sell the Email Service Provider business, comprising MailUp+Contactlab, Acumbamail and Globase. Once the agreement is finalized, the effect for the Company will be a greater concentration of financial resources and human capital, which management intends to allocate primarily to the development of the BEE business unit and the creation of a return for all stakeholders.

Social, political and union climate

The social climate within the Group is positive and based on full cooperation. The Group had already introduced smart working before the February 2020 pandemic emergency and confirmed it as one of the cornerstones of its flexibility-oriented working philosophy enshrined in the Growens WoW (Way of Working).

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 the revenues deriving from the MailUp platform marketed by Growens, from Contactlab with respect to the "Tech" and "Agency" services referring only to the period after the closing of the acquisition, as of May 2022 onwards, from the editor BEE 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.

Total consolidated revenues for 2022 rose from Euro 71.2 million to Euro 103.4 million, an increase of about 45%, or more than 35% organic growth, i.e. without considering the effect of the Contactlab acquisition, compared to the same period of the previous year. This result is supported by the growth of both the SaaS component, over 48%, more than 21% organic, accounting for over 37% of revenues, and the CPaaS component, about 44%, accounting for 61% of total revenues. A slight increase in absolute value compared to the previous year characterised other revenues.

The Agile Telecom Business Unit produced the highest revenues in absolute value, amounting to over Euro 67 million, with a growth of more than 42%. This growth is supported by the contribution of new acquisitions of strategic clients and partners, which show low margins at an early stage, with the prospect of developing significant commercial agreements on new shipping routes in the future.

The Business Unit that achieved the highest growth rate of business core revenues is BEE, with an increase of more than 43% (i.e. 61% net of the USD/Euro exchange rate effect), reaching approximately Euro 8.8 million/USD 9.3 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 10.7 million as at December 2022.

This was followed by the excellent performance of the MailUp+Contactlab Business Unit, with growth of over 50% (6.4% organic), thanks mainly to the addition of Contactlab revenues, and Acumbamail, up about 21%.

The Datatrics Business Unit, active in Predictive Marketing with a proprietary Customer Data Platform, generated a negative change in business revenues of 5.4%.

Business revenues realized abroad amounted to nearly Euro 66 million, or more than 65% of the total, a marked increase (+72%) over the same period last year, thanks to the growth of Agile Telecom in this area. Recurring revenues, up 32.7% (+21% organic) compared to the previous period, amounted to nearly 28% of total revenues, with a reduction in the incidence of 2.6% compared to 2021 due to the dilution caused by the marked growth in non-recurring revenues of Agile Telecom. Revenues in Italy grew by 13.5% due to the acquisition of Contactlab.

Consolidated EBITDA for the year 2022 was approximately Euro 4.1 million, a decrease of 21% compared to the same period of 2021, for a 4.0% incidence on turnover. Both Gross Profit and EBITDA margin are influenced by a number of factors including: (i) as regards the COGS component (up +3.4% year on year as a percentage of total revenues, up 53% in absolute terms), the marginality of the CPaaS line, caused by the sale of certain strategic routes, which led to a growth in revenues but a dilution of the Gross Margin; (ii) as regards the Sales&Marketing component (up 36.6%) and Research&Development (up 42%), from the boost to the development of the BEE Business Unit; (iii) as for the General Costs component (up 51%), by the impact of one-off costs related to the acquisition of Contactlab, only partially offset by the incremental performance brought about by the integration of the acquired company as of 4 May 2022; (iv) the negative performance of Datatrics BV, which reported a negative EBITDA of Euro 1.57 million, down more than 83% year-on-year, despite the organizational changes made. As a result of the above and the Euro 1.54 million impairment of the goodwill of the Dutch subsidiary Datatrics, resulting from the impairment procedure extensively mentioned elsewhere in this report, EBT is negative by approximately Euro 3.1 million.

The consolidated **net result**, after the estimate of current and deferred taxes for the period, shows a loss of Euro 2.6 million, as a result of the above, as well as the tax provisions, again bearing in mind that the tax provisions at consolidated level are the result of a mere aggregation, since the taxation is applied to the individual legal entities of the Group. In the year 2022, the provision for deferred tax assets recognised on Growens, BEE and Agile Telecom, in the latter case due to the Patent Box benefit, is higher than the provision for current taxes.

For a more in-depth analysis of the financial results for the financial year 2022 and especially the impact of one-off costs related to the acquisition of Contactlab and other contingencies for the period, the following Adjusted Income Statement report is presented.

Values in K€		Adjustment FY 2022					
Growens Group	Consolidated FY 2022	Growens separate	ContactLab	BEE Content Design	Other subsidiarie s	Total Adjustment	Total Conso Adjusted
Revenues SaaS	38,692						38,692
Revenues CPaaS	63,312						63,312
Other revenues	1,354						1,354
Total Revenues	**103,358**						**103,358**
COGS costs	72,538	(19)	0	0	0	(19)	72,519
Gross Margin	**30,821**	**19**	**0**	**0**	**0**	**19**	**30,840**
S&M costs	9,986	(23)	0	0	0	(23)	9,963
R&D costs	4,507	(35)	0	0	0	(35)	4,472
General costs	12,230	(721)	(396)	(53)	(99)	(1,269)	10,961
Total costs	**26,723**	**(779)**	**(396)**	**(53)**	**(99)**	**(1,327)**	**25,396**
EBITDA	**4,098**	**798**	**396**	**53**	**99**	**1,346**	**5,443**
Amortization, depreciation and provisions	5,403						5,403
Impairment Datatrics BV shareholding	1,542	(1,542)				(1,542)	0
EBIT	**(2,847)**	**2,340**	**396**	**53**	**99**	**2,888**	**40**
Net financial income/(charges)	(273)						(273)
EBT	**(3,120)**	**2,340**	**396**	**53**	**99**	**2,888**	**(232)**
Current and deferred taxes	556	(223)		(13)	(18)	(254)	302
Period profit/(loss)	**(2,564)**	**2,117**	**396**	**40**	**81**	**2,634**	**70**

The costs identified, with a total effect of Euro 2,888 thousand, are as follows:

- costs related to consulting and other activities directly attributable to the acquisition process of Contactlab, amounting to Euro 481 thousand;
- costs deriving from the signing of agreements to favour the exit of some senior figures of Contactlab, who would have been duplicated in the Group's organizational structure, amounting to Euro 340 thousand;
- costs for variable bonuses paid to the corporate population that, due to the previous calculation method, although referring to 2021, were paid and accounted for in 2022, for Euro 435 thousand. In 2022, the simplifications introduced with the new Group shared bonus made it possible to allocate variable remuneration in the same year;
- allocation of the one-off payment pursuant to the National Labour Agreement for the commercial sector for the years 2020 - 2021 - 2022, for Growens and Agile Telecom employees, amounting to Euro 90 thousand;
- the aforementioned Euro 1,542 thousand impairment of the investment in Datatrics BV following the impairment procedure.

Excluding the above, EBITDA would have amounted to Euro 5,444 thousand (+Euro 243 thousand year-on-year) and the net economic result slightly above break-even. (The tax effect has been calculated in a purely indicative manner to facilitate the reading of the adjusted figures).

The Consolidated Net Financial Position at 31 December 2022 shows a negative amount (cash) of about Euro 66 thousand, lower than the balance (also negative) of Euro 6.5 million at 31 December 2021, with a change largely influenced by the cash outlay for the cash component paid for the acquisition of Contactlab (Euro 3.75 million), in addition to approximately a further Euro 900 thousand for fees paid to the advisors involved in the transaction, and for the payment of the earn-out on the Datatrics acquisition, as renegotiated in July 2022 (Euro 1 million). The effect of the adoption of IFRS 16, relating to rental, leasing and hire costs, results in an imputed debt item of approximately Euro 2.3 million. Cash and cash equivalents as at 31 December 2022 exceeded Euro 7.1 million (-46% YoY).

The trend in Net Working Capital, which absorbs liquidity for about Euro 2.8 million compared to the previous year-end, was affected by the increase in trade receivables, of which about Euro 3 million deriving from the acquisition of Contactlab, as well as the effect of the dynamics of collection and payment flows that particularly affected the Agile Telecom Business Unit, due to the acquisition and strengthening of collaboration with strategic partners with respect to which the business component was privileged, in terms of prices and advantageous operating conditions, to the detriment of payment deferrals on the customer and supplier side.

As regards the parent company, the FY2022 results confirm the historical positive trend of revenue growth (+19.2% of which +11% relating to business revenues), which amount to Euro 27.6 million.

The EBITDA margin decreased by 30.2% to about Euro 1.8 million and was particularly affected by the increasing impact of General expenses impacted by about Euro 720 thousand in one-off costs, as better described above. The increase in R&D and G&A costs is partly attributable to the organizational strengthening of the holding teams supporting the subsidiaries, as reflected in the increasing trend of the corresponding intercompany revenues. Financial operations remained positive due to the dividends from the subsidiaries Agile Telecom and Acumbamail.

As a result of the above, the net result for the year shows a loss of Euro 597,150, due to the dynamics already highlighted in the comments on the consolidated results and heavily influenced by the write-down of the equity investment in Datatrics mentioned above.

The Growens Net Financial Position amounted to approximately Euro 4.1 million, as a result of loans taken out on particularly favourable terms with leading credit institutions, some of which were subsidised, to support the development of operations.

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 31/12/2022 compared with the previous period in terms of total revenues, EBITDA and pre-tax result (EBT).

Description	31/12/2021	31/12/2022
Total revenues	71,236,961	103,358,412
EBITDA	5,201,344	4,097,629
Pre-tax result (EBT)	1,082,377	(3,120,316)

Group revenues for the year were up by more than 45% compared to 2021. It should be recalled that the comparison period, relating to the 2021 financial year, did not include the revenues of the new subsidiary Contactlab, consolidated starting from May 2022.

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

Consolidated Income Statement	31/12/2022	%	31/12/2021	%	Change	Cha. %
Revenues SaaS	38,692,028	37.4 %	26,089,735	36.6%	12,602,293	48.3%
Revenues CPaaS	63,312,092	61.3 %	44,070,048	61.9%	19,242,044	43.7 %
Other revenues	1,354,293	1.3 %	1,077,179	1.5%	277,114	25.7 %
Total revenues	**103,358,412**	**100.0 %**	**71,236,961**	**100.0%**	**32,121,452**	**45.1 %**
COGS costs	72,537,675	70.2 %	47,436,618	66.6%	25,101,057	52.9 %
Gross profit	**30,820,738**	**29.8 %**	**23,800,343**	**33.4%**	**7,020,394**	**29.5 %**
S&M costs	9,986,088	9.7 %	7,323,997	10.3%	2,662,090	36.6 %
R&D costs	**4,507,146**	**4.4 %**	**3,175,065**	**4.5%**	**1,332,081**	**42.0 %**
Capitalized R&D costs	*(3,850,637)*	*(3.7 %)*	*(2,661,338)*	*(3.7%)*	*(1,189,299)*	*44.7 %*

R&D costs	8,357,783	8.1 %	5,836,403	8.2%	2,521,380	43.2 %
General costs	12,229,875	11.8 %	8,099,937	11.4%	4,129,938	51.0 %
Total costs	**26,723,109**	**25.9 %**	**18,599,000**	**26.1%**	**8,124,110**	**43.7%**
EBITDA	**4,097,629**	**4.0 %**	**5,201,344**	**7.3%**	**(1,103,715)**	**(21.2)%**
General amortization, depreciation and provisions	451,347	0.4 %	344,028	0.5%	107,319	31.2 %
Amortization right of use	999,342	1.0 %	1,188,778	1.7%	(189,435)	(15.9 %)
Amortization R&D	3,952,461	3.8 %	2,385,842	3.3%	1,566,619	65.7%
Impairment and provisions	1,542,000	1.5 %	150,666	0.2%	1,391,334	923.5%
Amortization, depreciation and provisions	**6,945,150**	**6.7 %**	**4,069,313**	**5.7%**	**2,875,837**	**70.7%**
EBIT	**(2,847,521)**	**(2.8 %)**	**1,132,031**	**1.6%**	**(3,979,552)**	**(351.5)**
Financial operations	(272,795)	(0.3 %)	(49,653)	(0.1%)	(223,141)	(449.4%)
EBT	**(3,120,316)**	**(3.0 %)**	**1,082,377**	**1.5%**	**(4,202,693)**	**(388.3 %)**
Income tax	(184,723)	(0.2 %)	(848,723)	(1.2%)	664,001	(78.2 %)
Deferred tax assets (liabilities)	741,036	0.7 %	134,955	0.2%	606,081	449.1 %
Period profit/(loss)	**(2,564,003)**	**(2.5 %)**	**368,608**	**0.5%**	**(2,932,611)**	**(795.6%)**

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.

Description	31/12/2021	31/12/2022
Net ROE (Net result/Net capital)	0.02	(0.17)
Gross ROE (EBT/Net capital)	0.06	(0.21)
ROI (EBITDA/Invested capital)	0.08	0.05
ROS (EBITDA/Sales revenues)	0.07	0.04

The above indexes are affected by the decline in consolidated economic results (net profit, EBT and EBITDA) compared to the previous period in the presence of growing revenues and investments, as evidenced by the negative value of some ratios. For a more detailed discussion of the reasons for the decline in results, including the effects of one-off costs for the period, please refer to the previous section on operating performance.

Please note that the consolidated income statement includes Contactlab revenues and costs as of May 2022, while they are not included in the comparative figures as at 31/12/2021.

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):

Consolidated Balance Sheet	31/12/2022	31/12/2021	Change	Cha. %
Intangible fixed assets	11,021,312	6,934,260	4,087,052	58.9 %
Goodwill	17,321,151	15,326,343	1,994,808	13.0 %
Tangible fixed assets	1,204,296	1,451,491	(247,195)	(17%)
Right of Use	2,282,409	3,168,182	(885,773)	(28%)
Financial fixed assets	301,952	200,985	100,968	50.2 %
Fixed assets	**32,131,120**	**27,081,261**	**5,0499,859**	**18.6 %**
Receivables from customers	16,721,062	12,465,270	4,255,792	34.1 %
Amounts due to suppliers	(14,871,582)	(14,188,380)	(683,202)	4.8 %
Amounts due to associated companies	-	(2,000)	2,000	(100.0 %)
Commercial working capital	**1,849,481**	**(1,725,110)**	**3,574,591**	**(207.2 %)**
Tax receivables and payables	756,563	424,256	1,180,819	278.3%
Accruals and deferrals	(9,236,163)	(7,845,047)	(1,391,116)	17.7 %
Other receivables and payables	(4,147,048)	(3,589,466)	(557,582)	15.5 %
Net working capital	**(10,777,167)**	**(13,583,879)**	**2,806,712**	**(20.7%)**
Provisions for risks and charges	(354,667)	(221,667)	(133,000)	60.0 %
Provision for severance indemnity (TFR)	(3,976,471)	(2,265,831)	(1,710,640)	75.5 %
Net invested capital	**17,022,816**	**11,009,885**	**6,012,931**	**54.6 %**
Share capital	384,834	374,276	10,557	2.8%
Reserves	19,279,481	16,775,315	2,504,166	14.9 %
Period profit/(loss)	(2,516,005)	387,098	(2,903,103)	(750.0 %)
Shareholders' equity of minority interests	(59,974)	(6,086)	(53,888)	885.5 %
Shareholders' equity	**17,088,335**	**17,530,603**	**(442,268)**	**(2.5 %)**
Cash	(7,153,665)	(13,324,983)	6,171,318	(46.3%)
Short-term payables	1,880,773	1,234,624	646,149	52.3 %
Short-term liabilities for rights of use	817,672	998,388	(180,716)	(18.1%)
Medium/long-term payables	2,869,072	2,270,862	598,210	26.3 %
Medium/long-term liabilities for rights of use	1,520,629	2,300,390	(779,762)	(33.9 %)
Net financial position	**(65,519)**	**(6,520,719)**	**6,455,199**	**(99.0 %)**
Total sources	**17,022,816**	**11,009,885**	**6,0122,931**	**54.6 %**

In the balance sheet shown above, there are no values for Contactlab in the comparison column as at 31/12/2021. Therefore, the changes in absolute values and percentages, again with regard to the subsidiary acquired on 4 May 2022, express increases and decreases equal to the total amount of asset and liability balances recognized at 31/12/2022 and not the differences with respect to the previous closing date, thus being less indicative of the actual dynamics that affected the same items during the half-year.

In order to provide a better description of the Group's equity situation, 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.

Description	31/12/2021	31/12/2022
Primary structure margin (Own funds - Fixed assets)	(12,287,631)	(18,140,599)
Primary structure ratio (Own funds/Fixed assets)	0.59	0.49
Secondary structure margin ((Own funds + Consolidated liabilities) - Fixed assets)	(1,306,676)	(8,160,240)
Secondary structure ratio ((Own funds + Consolidated liabilities)/Fixed assets)	0.96	0.77

The Group's capital structure indexes clearly show the impact of the growth of investments that characterised the period under review, determined by the recent acquisition of the subsidiary Contactlab, in addition to the effect of investments, which also increased, referring to research and development activities on the Group's technological services, particularly in support of the growth of BEE.

Main financial figures of the Growens Group

The consolidated net financial position as at 31 December 2022 is as follows (in Euro):

Consolidated Net Financial Position	31/12/2022	31/12/2021	Change	Cha. %
A. Cash and cash equivalents	7,153,665	13,324,983	(6,171,318)	(46.3%)
B. Cash equivalents				
C. Other current financial assets				
D. Liquidity (A) + (B) + (C)	**7,153,665**	**13,324,983**	**(6,171,318)**	(46.3%)
E. Current financial debt	1,076,709	1,164,171	(87,462)	(7.5%)
F. Current portion of non-current debt	1,621,736	1,068,841	552,895	51.7%
G. Current financial debt (E) + (F)	**2,698,445**	**2,233,012**	**465,433**	**20.8%**
H. Net current financial debt (G) - (D)	**(4,455,220)**	**(11,091,971)**	**6,636,751**	**(59.8%)**
I. Non-current financial debt	4,389,700	4,571,252	(181,552)	(4.0%)
J. Debt instruments				
K. Trade payables and other non-current payables				

L. Non-current financial debt (I) + (J) + (K)	**4,389,700**	**4,571,252**	**(181,552)**	**(4.0%)**
M. Total financial debt (H) + (L)	**(65,519)**	**(6,520,719)**	**6,455,199**	**(99.0%)**
of which Current financial debt Liabilities Right of Use IFRS 16	817,672	998,388	(180,716)	(18.1%)
of which Non-current financial debt Liabilities Right of Use IFRS 16	1,520,629	2,300,390	(779,762)	(33.9%)
Net financial debt adjusted for IFRS 16 effect	**(2,403,820)**	**(9,819,497)**	**7,415,677**	**(75.5%)**

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

The net financial position is still dominated by cash over debt in the amount of more than Euro 1 million. There was a clear decrease compared to the previous reporting period due to the financial outlay of Euro 3.75 million for the acquisition of the new subsidiary Contactlab, in addition to other accessory payments related to the transaction for about Euro 900 thousand, the payment of the earn-out to BMC Holding relating to the acquisition of Datatrics BV for about Euro 1 million, and the effect of certain dynamics that affected the balancing of Agile Telecom collection and payment flows with respect to certain strategic partners with considerable potential for future business development.

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

Description	31/12/2021	31/12/2022
Primary liquidity (Immediate and deferred liq./ Current liabilities)	0.90	0.71
Secondary liquidity (Current assets/Current liabilities)	0.96	0.76
Debt (Net debt/Shareholders' equity)	(0.37)	(0.00)
Fixed asset coverage ratio (Own capital + Consolidated liabilities)/Fixed assets	0.94	0.70

The indicators shown above, although slightly down from the previous period following the results of the 2022 financial year, reflect a balanced situation with regard to the ratio of debt to loans of comparable duration.

Main economic figures for Growens

The table below summarizes 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).

Description	31/12/2021	31/12/2022
Total revenues	23,144,435	27,588,753
EBITDA	2,639,847	1,843,924
Pre-tax result (EBT)	1,150,323	(716,028)

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

Growens Income Statement	31/12/2022	%	31/12/2021	%	Delta	Delta %
Revenues SaaS	17,437,058	63.2%	15,713,220	67.9%	1,723,838	11.0%
Intercompany Revenues	9,339,654	33.9 %	6,614,527	28.6%	2,725,127	41.2 %
Other revenues	812,040	2.9 %	816,688	3.5%	(4,647)	(0.6 %)
Total revenues	**27,588,753**	**100.0 %**	**23,144,435**	**100.0 %**	**4,444,318**	**19.2 %**
COGS costs	8,400,977	30.5 %	6,883,821	29.7 %	1,517,157	22.0 %
Gross profit	**19,187,775**	**69.5 %**	**16,260,615**	**70.3 %**	**2,927,161**	**18.0 %**
S&M costs	4,675,242	16.9 %	4,411,361	19.1 %	263,880	6.0 %
R&D costs	**5,222,659**	**18.9 %**	**3,786,031**	**16.4 %**	**1,436,628**	**37.9 %**
Capitalized R&D costs	(978,979)	(3.5 %)	*(859,913)*	*(3.7%)*	(119,066)	13.8 %
R&D costs	6,201,639	22.5 %	*4,645,944*	*20.1 %*	1,555,694	33.5 %
General costs	7,445,951	27.0 %	5,423,375	23.4 %	2,022,576	37.3 %
Total costs	**17,343,852**	**62.9 %**	**13,620,768**	**58.9 %**	**3,723,084**	**27.3 %**
EBITDA	**1,843,924**	**6.7 %**	**2,639,847**	**11.4 %**	**(795,923)**	**(30.2 %)**
General amortization, depreciation and provisions	201,385	0.7 %	198,378	0.9 %	3,007	1.5 %
Amortization right of use	754,354	2.7 %	889,620	3.8 %	(135,266)	(15.2 %)
Amortization R&D	1,610,840	5.8 %	1,322,406	5.7 %	288,434	21.8 %
Impairment and provisions	1,542,000	5.6%	150,680	0.7 %	1,391,320	996.4%
Amortization, depreciation and provisions	**4,108,578**	**14.9**	**2,561,083**	**11.1 %**	**1,547,495**	**60.4%**
EBIT	**(2,264,654)**	**(8.2 %)**	**78,764**	**0.3 %**	**(2,343,418)**	**(2,975.3 %)**
Financial operations	1,548,627	5.6 %	1,071,560	4.6 %	477,067	44.5 %
EBT	**(716,028)**	**(2.6%)**	**1,150,323**	**5.0 %**	**(1,866,351)**	**(162.2 %)**
Income tax	(46,295)	(0.2 %)	(70,258)	(0.3%)	23,963	(34.1 %)
Deferred tax assets (liabilities)	165,173	(0.6 %)	(217,879)	(0.9%)	383,052	(175.8 %)
Period profit/(loss)	**(597,150)**	**(2.2 %)**	**862,186**	**3.7 %**	**(1,459,336)**	**(169.3%)**

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

Description	31/12/2021	31/12/2022
Net ROE (Net result/Net capital)	0.05	(0.03)
Gross ROE (EBT/Net capital)	0.06	(0.03)
ROI (EBITDA/Invested capital)	0.04	0.03
ROS (EBITDA/Sales revenues)	0.17	0.11

The income ratios are affected by the deteriorating economic results compared to the previous year due to the effects discussed above, as is also evident from the negative sign of the ROE in its declinations, corresponding to a loss for the year. ROI and ROS also declined slightly.

Main equity figures for Growens

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

Growens Balance Sheet	31/12/2022	31/12/2021	Change	Cha. %
Intangible fixed assets	3,597,100	3,659,270	(62,170)	(1.7 %)
Tangible fixed assets	1,056,373	1,354,448	(298,075)	(22.0 %)
Right of Use	1,966,180	2,708,323	(742,142)	(27.4 %)
Financial fixed assets	23,546,383	19,282,090	4,264,293	22.1%
Fixed assets	**30,056,037**	**27,004,132**	**3,051,905**	**11.3 %**
Receivables from customers	2,799,852	2,991,636	(191,784)	(6.4 %)
Receivables from subsidiaries	7,389,892	3,889,379	3,500,514	90.0 %
Amounts due to suppliers	(1,828,811)	(1,588,326)	(240,485)	15.1 %
Amounts due to subsidiaries	(2,726,731)	(1,750,832)	(975,899)	55.7 %
Amounts due to associated companies		(2,000)	2,000	(100.0 %)
Commercial working capital	**5,634,202**	**3,539,856**	**2,094,345**	**59.2 %**
Tax receivables and payables	182,716	(139,312)	322,027	(231.2 %)
Accruals and deferrals	(6,106,645)	(6,239,454)	132,809	(2.1 %)
Other receivables and payables	(2,509,766)	(3,338,334)	828,568	(24.8 %)
Net working capital	**(2,799,494)**	**(6,177,244)**	**3,377,750**	**(54.7 %)**
Provisions for risks and charges	(266,667)	(166,667)	(100,000)	60.0 %
Provision for severance indemnity (TFR)	(1,896,117)	(1,999,034)	102,917	(5.1 %)
Net invested capital	**25,203,759**	**18,661,187**	**6,542,573**	**35.1 %**
Share capital	384,834	374,276	10,557	2.8 %
Reserves	21,330,672	18,640,036	2,690,636	14.4 %
Period profit/(loss)	(597,150)	862,186	(1459.336)	(169.3 %)
Shareholders' equity	**21,008,356**	**19,876,498**	**1,131,857**	**5.7 %**
Cash	(1,591,258)	(7,485,288)	5,894,030	(78.7 %)
Short-term payables	1,505,389	1,194,687	310,702	26.0 %
Short-term liabilities for rights of use	674,635	776,497	(101,861)	(13.1 %)
Medium/long-term payables	2,179,506	2,270,862	(91,356)	(4.0 %)

Medium/long-term liabilities for rights of use	1,317,132	2,027,930	(710,798)	(35.1 %)
Net financial position	**4,085,404**	**(1,215,312)**	**5,300,716**	**(436.2 %)**
Total sources	**25,203,759**	**18,661,187**	**6,542,573**	**35.1 %**

In order to provide a better description of the company's equity situation, 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.

Description	31/12/2021	31/12/2022
Primary structure margin (Own funds - Fixed assets)	(9,158,758)	(11,414,535)
Primary structure ratio (Own funds/Fixed assets)	0.68	0.65
Secondary structure margin ((Own funds + Consolidated liabilities) - Fixed assets)	(4,722,195)	(7,072,246)
Secondary structure ratio ((Own funds + Consolidated liabilities)/Fixed assets)	0.84	0.78

The capital structure ratios indicate the impact of the investments in the year under review caused by the acquisition of the subsidiary Contactlab, resulting in a lower coverage of long-term loans by sources of financing of the same duration.

Main financial figures for Growens

The parent company's net financial position at 31 December 2022 was as follows (amounts in Euro):

Growens Net Financial Position	31/12/2022	31/12/2021	Change	Cha. %
A. Cash and cash equivalents	1,591,258	7,485,288	(5,894,030)	(78.7 %)
B. Cash equivalents				
C. Other current financial assets				
D. Liquidity (A) + (B) + (C)	**1,591,258**	**7,485,288**	**(5,894,030)**	**(78.7 %)**
E. Current financial debt	889,475	902,343	(12,868)	(1.4 %)
F. Current portion of non-current debt	1,290,549	1,068,841	221,708	20.7 %
G. Current financial debt (E) + (F)	**2,180,024**	**1,971,184**	**208,840**	**10.6 %**
H. Net current financial debt (G) - (D)	**588,766**	**(5,514,104)**	**6,102,870**	**(110.7 %)**
I. Non-current financial debt	3,496,638	4,298,792	(802,154)	(18.7 %)
J. Debt instruments				
K. Trade payables and other non-current payables				
L. Non-current financial debt (I) + (J) + (K)	**3,496,638**	**4,298,792**	**(802,154)**	**(18.7 %)**
M. Total financial debt (H) + (L)	**4,085,404**	**(1,215,312)**	**5,300,716**	**(436.2 %)**

of which Current financial debt Liabilities Right of Use IFRS 16	674,635	776,497	(101,861)	(13.1 %)
of which Non-current financial debt Liabilities Right of Use IFRS 16	1,317,132	2,027,930	(710,798)	(35.1 %)
Net financial debt adjusted for IFRS 16 effect	**2,093,637**	**(4,019,739)**	**6,113,375**	**(152.1 %)**

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

There was a clear decrease compared to the previous reporting due to the financial outlays, Euro 3.75 million plus other expenses attributable to the transaction for about Euro 900 thousand, for the acquisition of the subsidiary Contactlab, the payment of the earn-out to BMC Holding for about Euro 1 million, and the repayment of over Euro 1.3 million in medium- and long-term financing.

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.

Description	31/12/2021	31/12/2022
Primary liquidity (Immediate and deferred liq./ Current liabilities)	0.79	0.65
Secondary liquidity (Current assets/Current liabilities)	0.99	0.81
Debt (Net debt/Shareholders' equity)	(0.061)	0.194
Fixed asset coverage ratio (Own capital + Consolidated liabilities)/Fixed assets	0.91	0.82

As a result of the above, there was a moderate decline in financial ratios, reflecting a certain balance between assets and liabilities with a similar duration.

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 2022, 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 2022, the Group's workforce numbered 426 employees, of whom 11 managers, 36 middle managers and 379 white-collar workers, while as at 31 December 2021, it consisted of 249 employees, of whom 6 managers, 17 middle managers and 226 white-collar workers. The noticeable increase compared to the previous recording is largely attributable to the acquisition of Contactlab, which resulted in 146 employees joining the Group, of which 17 middle managers and 128 white-collar workers.

The number of total employees employed during the year, i.e. ULA (Annual Work Units), amounted to 373.36 at Group 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 2022 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 2022 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 reporting year, consolidated investments were made in the following areas:

Description	Increases in the year
Technological platform and services development costs	4,133,846
Third-party software and trademarks	812,539
IT infrastructure, electronic office machines and systems	73,073
Furniture, office furnishings and leasehold improvements	8,515
Right of Use IFRS 16	329,692

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

Description	Increases in the year
Technological platform and services development costs	989,949
Third-party software and trademarks	487,388
IT infrastructure, electronic office machines and systems	34,915
Furniture, office furnishings and leasehold improvements	4,891
Right of Use IFRS 16	239,582

Given the nature of the business, investments are historically concentrated on intangible assets and, in particular, on the incremental development of the MailUp digital marketing platform of Growens, and the BEE editor. Even for Contactlab, most of the investments relate to the development and innovation of technological services marketed to clients. In addition, investments were made to strengthen and renew the technological tools by Agile Telecom and Datatrics in their business. The specifications of the research and development activity for 2022 are provided in the following paragraph.

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.

Also worth mentioning are Right of Use assets in accordance with IFRS 16 relating to existing rental, leasing and hire contracts.

Research and development

In accordance with article 2428, paragraph 2, number 1 of the Italian Civil Code, it is specified that in 2022, the Group capitalized internal investments relating to the software development of its platforms and technological services for over Euro 3.85 million, including the specific activities of innovation and consolidation of the technological infrastructure necessary for the functioning of the services made available to clients, as well as investments through external consultants for Euro 0.28 million. As at 31 December 2022, net of the related accumulated amortization/depreciation, these totalled Euro 7.5 million. Additional operational costs related to research and development departments were incurred for about Euro 4.5 million at consolidated level. 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. Investments relating to the development of the BEE editor show strong growth of over Euro 1.8 million; originally developed by Growens, it was awarded at the end of 2016 to the American subsidiary that is exclusively responsible for the marketing of the two versions, BEE Plugin and BEE Pro, as well as defining the strategic product roadmaps. 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 American colleagues, and is defined and supervised by the management of BEE. Agile Telecom also carried out development activities, both through the use of internal resources and through external consultants for a total of Euro 265 thousand. The newly acquired Contactlab and the Dutch subsidiary also conduct research and development to improve their technological services.

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 clients, and the efficiency of working methods.

We summarize the main additions and improvements made to our services in 2022 as a result of research and development.

MailUp and Contactlab platform:

Customer activation

We took over the management of the creation flow of the platform and created a new version. The activity is enabling to create a frictionless activation flow with a much shorter duration (seconds instead of minutes).

Global UX | General UI/UX improvements

- Improved UX of top bar and left bar, among other things, it is now possible to open second-level items in the main menu in another tab.
- Open to Reseller and White Label consoles the possibility of configuring API themselves.
- Changed “contact support” integration. We now use the Zendesk API.
- Changed the page refresh. Now pressing the browser’s ‘refresh’ button no longer returns you to the dashboard, you remain on the current page, whose content is updated
- Fixed ambiguity in nomenclature whereby ‘users’ are called ‘administrators’ in the Mshop section. The term ‘user’ was kept

Content Creation | New functionality added when creating messages

Introduction of the Row Background Video, a recent addition to the BEE editor: a further boost to creativity in Landing Pages that we were able to implement with little effort.

Other news:

- support for form-level background image
- improved Mobile Design Mode
- integration of 'Saved rows' and 'Content default' to easily save and reuse content sections and settings
- possibility to download the content of a message, either in PDF or HTML

Campaign Management | Apple Privacy Policy | Mitigated impact of MPP openings

We continue to constantly monitor the possible impacts of Mail Privacy Protection, especially after major updates such as the release of macOS Monterey, which saw a spike in the rate of "non-real" openings of 16% on the total number of MailUp clients and 41% on the total number of Apple users (regardless of the mail client and operating system adopted). These percentages are therefore certainly up from those found after the first week since the release of iOS15. (more details at https://blog.mailup.it/2021/09/apple-privacy-protection/)

In addition to monitoring the Apple phenomenon, we asked ourselves what the best choice was for our clients. We have therefore added new metrics on openings in the Statistics area of the platform, choosing not to "clean" upstream all openings that might not be openings, but to "highlight" them, so that each user can make their own evaluations in relation to their own goals. These are the metrics, in the Statistics area:

- In the Activity Report tab, the metric Openings under privacy was introduced. By clicking on Calculate, the user can obtain the figure both in percentage and in actual number of those who received the message on Apple Mail (both on desktop and mobile). Since the release of the feature, 6.3% of our customer base has clicked on Calculate to get both percentage and numerical data.
- In the Recipients tab, the user can choose the recipients who received the message on Apple Mail as an Activity Filter, and have even more details on the contacts, such as the e-mail address and the time the message was received.

Contacts gathering and management | New importer

The bulk import function of contacts, both in its platform and API use, can benefit from a new improvement. The activities carried out were driven by the need to maximize the number of valid contacts obtained from the bulk import sessions. The gradual activation of the new importer, currently available for newly created platforms, allowed us to validate its effectiveness by monitoring the results. In May, it was then extended to all platforms of the Customer Base.

Contacts gathering and management | Improvement in the Landing pages

We took action to further improve the use of landing pages as a contact acquisition tool.

Improvement of the usability of the Settings page: at the same time as the REACT porting of the page, some standardization of the information displayed was carried out, which also made other information usable, such as, for example, the landing page ID, the use of the favicon, the default group used if the landing page contains a registration form.

Introduction of Hidden Groups as a segmentation tool for acquired contacts: only available for landing pages hosting a sign-up form, this new feature not only meets user requirements but also aligns the offer to what is available in the already known sign-up forms.

The power of landing pages is well known to MailUp customers, who appreciated the new possibility to copy a page to multiple workspaces (lists)

Contacts gathering and management | Enhancement of Subscription Forms

We collected some needs expressed by our users and made the workflow associated with a registration form fully customizable. The following are the main points of evolution in the registration forms that we have identified and implemented:

- Allow customization and disabling of delivery confirmation message
- Allow customization of the welcome message
- Enable customization of post-subscription pages

Platform | Decommissioning of TLS < 1.2

Versions 1.0 and 1.1 of the TLS cryptographic protocol have been declared obsolete by the Internet Engineering Task Force, which, in the face of known cybersecurity vulnerabilities, recommends its abandonment in favour of version 1.2 or higher. In order to maximize the level of protection, MailUp too has followed suit with what all major software manufacturers have done, and has taken steps to inhibit the use of obsolete protocols for negotiating encryption.

Platform | Miscellaneous

- Optimizing the use of the CDN to make it more effective and improve page access speed
- Extension of the retention time of React application logs from 8 to 15 days, so as to have more tools at hand in terms of troubleshooting
- Upgrading and adapting servers both for greater security protection and to seize better opportunities in terms of costs

Controlled acceleration | Porting from AngularJS to REACT

Also in 2022, the porting activity in React continues, strongly driven by the needs of business continuity. At the end of the year, the activity was 94% complete, the remaining pages being of minor importance both in terms of utilization and risk of disruption, since the AngularJS technology is no longer supported. A number of improvements have also been made on some of the pages migrated, such as

- possibility to create a message from zip also for Mac
- inserted controls on the size of attachments and the maximum number of attachments (5) per e-mail
- significantly increased the possibilities of customizing registration flows linked to a specific form, with the possibility of differentiating confirmation messages according to the form used (an extension much requested by clients)
- improved user experience when navigating through the menus, which have been standardized for the various sections
- inserted the possibility for the user to delete authorised senders entered in the past and now no longer valid/used

Contactlab | Marketing Cloud

- Added a ‘KPI events’ area providing a summary of significant sales and customer numbers
- Revision of the home page and its main sections
- Improved notification mechanisms within the web application
- Improved navigation between customer events
- Revision of the configuration and access data section
- Optimized segment loading system, with clear benefits on page load time
- Technological and graphical overhaul of the Marketing Automation section, with clear benefits on user experience

Contactlab | Send

- Added possibility to easily remove unused workspaces and databases
- Extension of the A/B test functionality with the possibility of using the BEE editor
- Inserted a limit of 200 user DBs per customer to reduce disk space costs due to unused DBs.
- Improved algorithm for DKIM signature selection
- Added automatic de-provisioning processes for the removal of decommissioned platforms

BEE editor:

BEE, the drag-and-drop editor for e-mails, pop-ups and landing pages owned by the subsidiary BEE Content Design Inc., 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). BEE software is gradually becoming a worldwide standard in digital content creation: during 2022, it recorded over 76 million sessions in hundreds of applications, an increase of approximately

35% on 2021. In the same period, 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. Specifically, an even more aggressive approach was chosen, introducing - at the end of March 2022 - a completely free service plan instead of a trial period. The approach is based on the strategy used successfully by Software As A Service giants such as Slack and HubSpot. It is an approach called "enterprise freemium": a free version is provided that helps the penetration of the use of the software itself not only in small and medium-sized enterprises, but also in large companies. The latter, in the course of time, as the free use of the software within them increases, often decide to move to a paid version in order to have more control over access security, the management of specific user permissions assigned to various users, control of data flow, access to higher levels of technical support, and so on. The revolutionary part of this approach lies in the fact that product adoption happens from the bottom up, with very low acquisition costs as it is often the result of organic word-of-mouth. In the case of BEE Pro, the launch of the free version led to an immediate surge in the activation of new accounts, which grew by more than 50% - on a monthly basis - compared to the previous year. The trend continued throughout 2022, with more than 172,000 new BEE Pro accounts registered in the year, including more than 92,000 in the second half of the year, a growth of more than 53%. In turn, the higher number of registrations generated an increase in the number of users of the software itself, which was 57% higher in December 2022 than in the same period in 2021. More than 35,000 people now use BEE Pro every month (Q4 2022 average), and the number continues to grow (more than 38,000 in January 2023, up more than 70% on January 2022). Both figures bode well for the execution of the "enterprise freemium" strategy: some of these users work for large companies and the first conversion events to annual contracts of a much higher size than the typical BEE Pro Annual Contract Value in 2021 have already occurred: 2022 ended with 34 "BEE Pro Enterprise" customers against the 7 existing at the beginning of the year.
  From the point of view of improving the top of the BEE Pro marketing funnel, 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 35 designer that allowed the catalogue of e-mail templates & landing pages to pass 1,500 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 new 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 account. The presence of the new free plan has further decreased the perceived friction during sign-up, to the point that around 15% of all unique visits to the BEE site now convert into new BEE Pro accounts, an extremely high activation rate for B2B SaaS, bringing the total number of

new free monthly activations to over 15,000. The increasingly high number of service 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 of the improvements introduced in 2022: a special preview function to simulate how an email will look from a mobile device using ‘dark theme mode’; new content blocks to have more control over paragraphs of text, number lists and bullet points; support for using videos as backgrounds for landing pages; numerous improvements to collaboration features, including the introduction of the ‘viewer’ user role, which can only view content, but not edit it; new search functions for digital assets and the folders that contain them; a new user interface that improves the user experience; improvements to connectors to other applications, including the ability to quickly export to HubSpot - one of the world’s most popular marketing platforms - not only e-mails, but also pages; the release of integration with Veeva, one of the most popular CRMs in the health care sector; the release of integration with Salesforce Marketing Cloud, the popular marketing platform within the Salesforce world; new features for tracking landing pages; a new notification mechanism for important events in the account (e.g. a comment left by another user); new features for customers on the Enterprise level, including the ability to copy the settings of one workspace (brand, customer, business unit, etc.) when creating another;

- **BEE Plugin:** the embeddable version of the editor is confirmed as a market leader, with 587 paying customers at the end of 2022 and a total of more than 1,000 applications using it. The difference between the two is the fact that a paying customer can use the editor in more than one application, and the fact that many small companies use the product taking advantage of the free plan (the ‘freemium’ strategy is also used on BEE Plugin). BEE Plugin is now used by 69% of the applications identified by Forrester in the “Forrester Wave for Cross Channel Campaign Management (Independent Platforms)” and 40% of the applications identified by Gartner in the “2021 Quadrant for Multichannel Marketing Platforms”. Fuelling the market leader’s position is a continuous development of new features that guarantee a fantastic user experience for the end user, and a great customization capability for the product and development teams responsible for integrating the visual editor into the applications that host it. Specifically, during 2022, several features were added and improved, features that can typically be used regardless of whether creating an e-mail, a page, or a pop-up. A list is available at https://docs.beefree.io/updates/ Some of the most important ones include: video support for page backgrounds; new content blocks (“List Content Block”, “Paragraph Content Block”) and new possibilities for modifying the design of certain elements, such as buttons; the “Dark Mode Preview”, a special preview function to simulate how an e-mail will look from a mobile device using the “dark mode”; the ability to edit previously saved individual lines, without having to open the asset containing them; continuous improvements to the comments function, crucial for enabling an increasingly collaborative use of the editor itself; numerous new formatting options; and numerous interventions to make the software more stable, scalable, secure and performing; the possibility to vertically align some contents; an update to the "video" block, to add functionality and make it more compatible with the latest version of the Vimeo service; ability to group the options in the side panel into groups (e.g. "Texts", "Images", "Products"), very useful for applications that add a lot of customized content, which can make the side panel too rich in options to the user;

- Synergistic relationship between the two versions and the other platforms of the Group: we remind you that, from a technical point of view, BEE Pro is a "client" of BEE Plugin. It is in fact a software application that incorporates the BEE editor integrating it through the BEE Plugin service. Acumbamail, Datatrics, MailUp and Contactlab, four other SaaS applications within Growens, are in turn "clients" of BEE Plugin. For instance, as mentioned in the paragraphs above, the Dark Mode Preview feature was one of the core product (BEE Plugin) highlights, quickly adopted and presented as an addition to clients of the BEE Pro service. This is only one of the many examples that demonstrate 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.

Finally, it should be noted that the business unit - supported by the centralized cyber security and data privacy functions at Group level - continued to invest in the security of its systems and processes, obtaining ISO 27001 certification in the first half of 2022.

Agile Telecom R&D Projects

- **PROJECT JARVIS**
  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 was completed at the end of the first quarter of 2022.

- **PROJECT TOOLS AGILE**

  The project Tools Agile Telecom 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. The project was completed at the end of the year 2022.

- **USER AREA PROJECT**

  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 project was completed on 31/12/2022.

- **ADAPTIVE ROUTING**

  The adaptive routing project consists of restructuring the routing system by implementing an artificial intelligence mechanism with the aim of improving efficiency by finding the best supplier routes in terms of quality and in terms of price with the consequent cost reduction and profit maximization. The project was completed at the end of the year 2022.

- **POCKET EVOLUTION PROJECT**

  The Pocket Evolution project represents a significant result of our research and development work aimed at the commercialisation of a platform for sending SMS messages to other operators, in platform as a service mode. This project was made possible thanks to our determination and long-standing activity in the study and development of advanced solutions for the telecommunications market. The first customer to adopt our platform was ZamTel, who showed great interest and confidence in our product and its potential for success. The implementation of the platform at ZamTel enabled the generation of revenue through the provision of the service, which also includes an additional transit fee calculated on the traffic sent by the operator itself. The project is currently being implemented and is expected to be completed by the end of the first half of 2023, confirming the effectiveness and efficiency of our SMS platform.

- **ANTIPHISHING**

  The antiphishing project consists of creating an automatic system to minimize possible fraud and output from A2p SMS traffic. Thanks to it, text messaging is safer and more efficient, resulting in lower costs and profit maximization. The project was completed at the end of the 2022 financial year.

- **ANTILOOP**

  The antiloop project consists of the creation of an automatic system to monitor SMS traffic in order to intercept and block possible message loops in the chain between Agile Telecom, customers and suppliers. The objective of the AntiLoop project concerns an improvement of the system and of the logic of sending and receiving messages, and is oriented towards reducing to zero the so-called 'looping' phenomenon, which occurs whenever the sending of a message does not take place correctly, resulting in a send-receive loop between customer and supplier. By avoiding the occurrence of this phenomenon, a cost-revenue benefit is achieved. The project is expected to be completed by February 2023.

Other Technological Infrastructure R&D Projects

ERP digital transformation project with Oracle NetSuite

In the 2022 financial year, the signing of the concession provision with Invitalia and the Ministry of Economic Development was successfully concluded for the allocation of the subsidies provided by the **Digital Transformation** tool, the incentive established by the Growth Decree that favours the technological and digital transformation of the production processes of micro, small and medium-sized enterprises. The application for subsidies was submitted in December 2020 and the contract with MISE and Invitalia is expected to be signed in the coming weeks and in any case by the end of 2022, so that the project reporting work can be completed before June 2023. Against an admitted project worth Euro 500,000, a total subsidy of Euro 250,000 was granted, of which Euro 50,000 in the form of a non-repayable grant and Euro 200,000 in the form of a facilitated loan.

The work of the project realized in the framework of the Digital Transformation call for tenders started in January 2021 and ended in June 2022, for a total duration of 18 months, and focused on the implementation of a new organizational and management method to support accounting and operational processes. It was therefore an innovative project in the area of **Enterprise Resource Planning (ERP)** software use, created out of the need to standardize, unify and rationalize the processes currently in place at a consolidated level within the Group, while also taking into account industry best practices and the needs of different departments and business units.

The review of the work processes primarily concerned Growens, but was also extended to the other Group subsidiaries, both Italian (Agile Telecom) and foreign (Acumbamail, BEE, Datatrics). Within MailUp, optimization was accompanied by organizational overhauls with the creation of a new Order Management department, which acts as an interface between the back office department and the commercial department, since both are closely involved in the management of orders on the path to the issuing of the sales invoice and the collection of the consideration, as well as the recovery of credit. Another development with considerable organizational impact is a new process for managing Purchase Orders: from the generation of the purchase requisition, the verification and approval of the purchase by the department head, the receipt of the goods/service (item receipt) with the matching and checking of the purchase invoice, through to the automated payment of the supplier invoice via integration with bank accounts.

In particular, during the reporting period, R&D activities of the project continued on the **Horizon 2** phase, with the switch setting configurations implemented in Growens and MailUp transferred to the other business units in “Geographical and Organizational Scope” and the consequent adoption of the new ERP by the Group’s business units with an overall, efficient and functional integration.

Following the implementation of the project, the **planned objectives** are:

- improvement of business efficiency from an operational point of view, resulting in cost reduction and increased control over the management of business processes;
- lowering the risk factor through data integration and more financial controls;
- increase in management efficiency, since an increase in the availability of data makes it possible to speed up business and decision-making processes and make them more reliable;
- reduction of costs related to operational management, as processes have become shorter and more precise, resulting in both time and cost savings and increased business efficiency.

The ERP project ended on 30 June 2022, after 18 months of work and reported expenses of Euro 500,000. Growens is the beneficiary of subsidies amounting to 50% of the expenditure (10% disbursed in the form of a grant and 40% in the form of a facilitated loan). Since all expenses related to the submitted project have already been incurred, the disbursement of the subsidies will be requested in a single instalment (single progress report, SAL), with a final deadline for the request of 30 June 2023.

The NIMP project - New Innovative Multilateral Platform

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 Growens R&D team. 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.

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 goal, successfully achieved at the end of the project, was to make customer loyalty strategies available to customers through consumer engagement.

Below is a summary of the various objectives achieved by the project:

- **OR 1:** Study of infrastructure and container architecture
- **OR 2:** Development of the new delivery software architecture
- **OR 3:** Automatic functional testing and revision
- **OR 4:** Implementation of the multi-channel functionalities of the platform
- **OR 5:** Testing and Analysis of the entire platform

On 07/06/2022, the non-reimbursable contribution in the amount of Euro 130,395 was received in respect of the fourth instalment, while on 25/07/2022, Euro 352,178 in CDP financing and Euro 42,946 in BPER financing was disbursed in respect of the same instalment. On the financial part, the lender retains a share of 40% as a pledge to guarantee future repayment.

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 2023.

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:

Deed Date and disbursement	07/06/2022
Description	Contribution to the Sustainable Growth Fund project F 140001/00/x39
	Call ICT Digital Agenda FRI DM 181017 SAL IV
Contribution	130,395
Reported	5,215,389

Transactions with subsidiaries, associates, parents and other related companies

In 2022, 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 name	Fixed receivables	Trade receivables	Trade payables	Other payables	Dividends	Revenues	Costs
Agile Telecom		118,601	2,317,834	396,370	1,081,265	1,248,322	3,835,923
Globase International		338,195	4,351			202,135	86,224
MailUp Nordics							
Bee Content Design		3,386,695	1,316			5,587,475	15,678
Acumbamail		43,227			377,897	437,406	
Datatrics BV	2,360,447	3,503,175				1,877,701	
Contactlab			4,270				3,500
Subsidiaries	**2,360,447**	**7,389,892**	**2,327,772**	**396,370**	**1,459,162**	**9,353,039**	**3,941,325**
Consorzio CRIT Scarl		20,468	10,346			16,777	8,480
Associates		**20,468**	**10,346**			**16,777**	**8,480**
Floor Srl							157,194
Other related parties							**157,194**

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.

Subsequent to the acquisition of Datatrics B.V. in October 2018, as part of the contractual agreements signed between the parties, an interest-bearing loan in the amount of Euro 1,960,447 was disbursed by Growens, to which an additional Euro 400,000 was added during the financial year 2022 to support the activities of the Dutch subsidiary.

The real estate company Floor S.r.l., owned by some of the parent company's reference partners, has signed with Growens the lease contract for the building where the offices of the Cremona premises are located. The items highlighted refer to the existing real estate lease related to 2022.

Treasury shares and shares/holdings in parent companies

As at 31 December 2022, the parent company Growens held 61,833 treasury shares, equal to 0.3% of the subscribed and paid-up share capital, for a value of Euro 277,675. In 2022, a total of 87,603 shares were purchased for Euro 423,620 at an average price per share of Euro 4.79. The purchases of 2022 were made as part of the programs approved by the Shareholders' Meeting on 22 April 2021 and 21 April 2022 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 22 April 2021 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 core business 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.

In the context of the acquisition of 100% of the Contactlab share capital, part of the consideration of Euro 1.250 million was paid in kind, through the transfer of a total of 188,822 treasury shares of the Company on the closing date, implicitly valued at Euro 6.62 each, with a premium of about 29% over the official price of 1 April 2022.

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 topic of impairment of assets, strongly impacted by the use of estimates and valuations, is mentioned below, for which a change in the conditions underlying the assumptions used could have a significant impact on the consolidated financial data.

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 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 company 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. In the specific case of the Growens Group, the incentive plan through stock options expiring at the end of April 2023 provides that the vesting condition of the options is subject to the occurrence of the following Market Cap: the target is deemed to be achieved where the closing price of the shares for at least 5 out of 30 (consecutive) trading days, multiplied by the number of outstanding shares, gives a capitalization of the Company equal to or greater than Euro 135 million during the period of validity of the plan, from April 2020 to April 2023, corresponding to a price of Euro 8.77 per share. The maximum share price since the start of the plan was reached on 8 March 2023 at Euro 6.10, with a maximum capitalization of Euro 93.9 million, approximately 30% below the plan target. In the period from the beginning of 2023 until 20 March of the same year, during which the maximum values were recorded also thanks to the interest aroused by the binding agreement for the sale of the Email Service Provider business unit signed with TeamSystem on 02/02/2023, mentioned several times in this document, the quotations remained decidedly below the plan's target: in February, the average of the 5 days with the highest quotation was -36% compared to the target, while in March, the same figure was -32% compared to the target. Therefore, starting from these historical data and evaluating the prospective ones, also considering the narrow time interval from the end of the stock option plan, the Market Cap target envisaged in the plan is deemed unattainable and the relevant costs previously set aside have been reversed.

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 the Group operate are characterised by rapid technological development and suffer the competitive pressure deriving from the fast 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.

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 new solutions, 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 for the Group, dedicating increasing resources, with the aim of mitigating as far as possible this risk inherent in the reference market.

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 recent cyclical developments have encouraged the adoption of more stringent procedures for quantifying and controlling client risk. At the same time, customers were supported, given the systemic difficulties, 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, measures have been strengthened aiming to encourage the use of electronic payment systems (credit cards, PayPal, Sepa Direct Debit) by customers. The share of collections deriving from electronic payments is historically very substantial, 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. The Growens Group currently enjoys good liquidity, also thanks to its admission to trading on the Euronext Growth Milan market and its excellent relations with the banking system. Financial debt is mainly aimed at growth by external lines implemented through acquisitions and at supporting strategic investments, particularly in research and development of its products.

In order to optimize the management of financial resources and reduce 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 meet its financing needs from available liquidity and cash flows from operations. Future projections of the Group's financial performance suggest that the prospective financial resources, together with current availability, will be able to ensure adequate support for operations and planned ordinary and extraordinary investments.

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

Interest rate risk

The parent company has moderately resorted, from the end of 2015, to the financial leverage through the mainly 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 2022, the consolidated bank debt is equal to Euro 6,009,266, of which Euro 1,880,773 is short-term and includes sums pledged in favour of BPER for Euro 1,259,520, against cash and cash equivalents for Euro 7,153,665. 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. The current economic situation has already led to a significant rise in reference rates such as the Euribor, which could be followed by further upward corrections. The future rise in interest rates may result in an increase in related financial expenses with consequent negative effects on the economic and financial situation of the company, even if the prevalence of own financial resources compared to recourse to indebtedness to third parties 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, also relating to other Group companies. 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 expresses much more significant operating volumes, the values subject to consolidation are denominated in foreign currency, in particular in US dollars, which in 2022, underwent significant fluctuations, marked by the strengthening of the US currency against the Euro, partially offset at the end of the year. 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. 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 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 annually. These tests, in the specific case of the 2022 financial year, due to the negative performance of the Dutch subsidiary Datatrics BV, resulted in prudential impairment of the value of goodwill and the equity investment recognised in the consolidated and separate financial statements in the amount of Euro 1,542 thousand.

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. This path led already in the financial year 2021 to 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. The Group is particularly sensitive to these issues, including environmental sustainability, an ethical approach to business and the containment of related risks, to which it is dedicating more and more resources, as reflected in the ESG consolidated report published on a voluntary basis and freely available on the Group's website.

Significant events after the end of 2022

On 3 February 2023, the Company announced that it had entered into a binding agreement to sell the Growens business unit MailUp and its shareholdings in Contactlab S.p.A., Acumbamail S.L., MailUp Nordics A/S and its subsidiary Globase International A.p.S. (collectively, the "Email Service Provider" business) to TeamSystem S.p.A. for a total consideration of Euro 70 million on a cash/debt free basis, subject to adjustments related to the actual values of working capital and net financial position of the perimeter being sold at the date of Closing, which is indicatively expected by June 2023.
The transfer of the Email Service Provider business will result in the transfer of approximately 260 employees in Italy, Spain and Denmark, including Luca Azzali, Alberto Miscia and Massimo Fubini, who will take over tasks within the transferred activities, while remaining shareholders of Growens.

The agreement provides for representations and warranties issued by the Company customary for this type of transaction, related indemnification clauses in favour of the purchaser and mitigation of any indemnity to the benefit of the Company such as, for example, de-minimis, deductible and cap thresholds, as well as MAC (Material Adverse Changes) clauses in line with market practice. Once the closing is finalized, the Company will be subject to non-competition and non-solicitation obligations for a period of three years after the closing with respect to the activities carried out by the Email Service Provider business under the terms of the agreement.
Finally, the agreement envisages a set of other transitional service agreements covering, among other things, operational support activities necessary for the purchaser and the divested businesses to complete the transition period of the more purely administrative activities, as well as the use of certain of the Company's real estate facilities.
Finally, the agreement envisages that the closing will be finalized indicatively in June 2023, once certain conditions precedent have been met (or waived), including (i) the obtaining of the authorization pursuant to the so-called "Golden Power" regulations in force, (ii) the granting of the Antitrust Authorities' authorization, (iii) the favourable vote of the Company's ordinary and extraordinary Shareholders' Meeting (which cannot be waived), since the agreement determines a "substantial change of business" within the meaning of article 15 of the Issuers' Regulations of Euronext Growth Milan and a change in the corporate purpose, as well as (iv) the effectiveness of the contribution of the MailUp business unit (including the participation in MailUp Nordics/Globase) to Contactlab S.p.A.

In the context of the transaction, the Company's Board of Directors finally approved an agreement amending the agreement for the purchase of 100% of Contactlab S.p.A. signed on 4 April 2022 between the Company, on the one hand, and Massimo Fubini, Elisa Martelli and P101 (the "Sellers") on the other hand. This agreement provided, among other things, and upon the fulfilment of certain conditions, that the Company would pay the Sellers an earn-out amount of up to a maximum of Euro 6.6 million, subject to the achievement of certain strategic and combined cumulative profitability targets of Growens and Contactlab to be calculated over the three-year period 2022-2024. In light of the changed context, the Company itself and the sellers entered into an agreement amending the sale and purchase agreement, which provides, inter alia, for the payment of a total amount of Euro 2.2 million in cash in lieu of the original earn-out amount.

On 9 March 2023, Growens' Shareholders' Meeting approved: (i) in the ordinary session, the sale of the "MailUp" business and of the shareholdings in Contactlab S.p.A., Acumbamail S.L., MailUp Nordics A/S and Globase International ApS. to TeamSystem S.p.A. pursuant to article 15 of the Issuers' Regulations of Euronext Growth Milan; (ii) in the extraordinary session, the amendments to the Articles of Association relating to the extension of the corporate purpose and consequent to the change of the name of the multilateral trading system "AIM Italia" to "Euronext Growth Milan". Shareholders who did not participate in the shareholders' resolution approving the amendment to article 3 of the Articles of Association will have the right of withdrawal, which may be exercised subject to the closing of the ESP sale. The Board of Directors set the unit liquidation value of the Company's shares at Euro 4.39 per share.

Outlook

The divestiture of the ESP (Email Service Provider) business, referred to in the previous section, may help mitigate the risk of Growens' position in mature businesses. The proceeds will mainly go towards the development of BEE.
In 2015, BEE was launched as an internal growth hacking experiment. It was spun off in 2017 and is now based in San Francisco, with a technology team based in Italy. With over 600,000 free users as of December 2022, the business unit recorded a growth rate of 59% with an ARR of over Euro 10 million, confirming its leadership as the fastest growing BU.
BEE's future growth strategy will be based on both organic and external growth options. The main drivers are: 1) investments in sales & marketing, aimed at increasing brand awareness; 2) research & development, with the implementation of incremental and disruptive innovations (e.g. connectors, AI); and 3) M&A. Management is in the process of scouting in the BEE field, in particular for players that can complement the company's offer, technology or human resources to support BEE's S&M strategy.
Agile Telecom is expected to continue its growth by exploiting a scalable, high-conversion business.
With reference to Datatrics, a new CEO was appointed in January 2023. In addition, the Customer Data platform was recently updated with the introduction of two new functions: 1) Audience 2.0, a 360-degree customer profile that automatically unifies customer data from 50 channels using AI; and 2) Touchpoint Builder, which allows marketers to customize templates.

In addition to the above, these further objectives pursued by the Group should be noted:

- strengthening of intra-group synergies through the cross-fertilization of knowledge among Group companies and in particular:
- sharing best practices, experiences and skills;
- 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.

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.

Among the noteworthy regulatory news is that the Council of Ministers of 9 December 2022 approved the legislative decree to transpose EU Directive 2019/1937 of the European Parliament and of the Council of 23 October 2019 on the protection of persons who report breaches of Union law. The Directive, which entered into force on 16 December 2019, aims to ensure and provide whistleblowers with equal protections in all Member States, harmonized across sectors, by introducing common rules that require the adoption of reporting channels that are made certain, confidential and secure and that, at the same time, guarantee effective protection and safeguards in the presence of possible retaliation. Following the entry into force of the decree transposing the EU directive, the Company will revise and update its whistleblowing procedure.

The Supervisory Body conducted a second verification activity aimed at the special sections of the Model relating to corporate offences and market abuse offences, at the outcome of which it emerged that the control protocols provided for by the Model are suitable for fulfilling their general preventive function; in fact, no recommendations emerged requiring a timely intervention on the Model nor an adjustment of corporate practice, although some opportunities for improvement were reported following changes in corporate procedures, changes in the software used and in the functions involved in certain processes, which will be implemented through the review of control protocols and flows, without the need for approval by the administrative body given their merely formal nature.

The Company has also completed the specific training course for senior management and staff specifically concerned with the Special Sections aimed at preventing the commission of the following offences: offences against the public administration; corporate offences and market abuse offences.

Lastly, it should be noted that the Company, on 3 February 2023, announced - through a specific press release - the forthcoming transfer of the Email Service Provider business to the TeamSystem Group; should the transaction be successful, the Company will initiate a review of the Model adopted, which will take into account the corporate change, thus revising the mapping of risk areas and, consequently, the controls.

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 (DPO) 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.

Moreover, a "Personal Data Protection Organizational Model" was also prepared as a tool to align the 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 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 2022, in addition to the ordinary consultancy work, the processing registers of the Group companies were reviewed and updated, and a similar process was initiated in relation to LIA (legitimate interest assessments) at Group and individual company level. Documents were also updated in relation to new personal data processing initiatives carried out by the Company in its capacity as Data Controller or Data Processor.

With particular reference to the adoption of Legislative Decree No. 104 of 27/06/2022 (the so-called "Transparency Decree"), the DPO supported the Company in launching a series of internal investigations aimed at understanding the existence of processing operations and/or systems that fall under the application of this rule.

During 2022, the DPO also conducted data protection training in order to spread data protection awareness among the staff of Group companies, with a focus on the GDPR, new regulations and, in general, the privacy legislative framework applicable to the processing activities carried out by the Group.

Lastly, with specific reference to the acquisition of the company Contactlab S.p.A., the DPO supported the Company in the activities of verifying and reviewing the privacy documentation of ContactLab S.p.A. with a view to integrating it and making it consistent within the Privacy Organizational Model already developed for Growens S.p.A.

Thank you for the trust placed in us.

Milan, 21 March 2023

The Chairman of the Board of Directors

Matteo Monfredini

5. Group consolidated financial statements as at 31 December 2022

CONSOLIDATED BALANCE SHEET AS AT 31/12/2022

amounts in Euro	Notes	31/12/2022	31/12/2021	Change	Cha. %
Tangible assets	1	1,204,296	1,451,491	(247,195)	(17.0 %)
Right of Use	1	2,282,409	3,168,182	(885,773)	(28.0 %)
Intangible assets	2	10,942,158	6,855,106	4,087,052	59.6 %
Goodwill	3	17,400,305	15,405,497	1,994,808	12.9 %
Equity investments in associates and joint ventures	4	261,003	99,109	161,894	163.3 %
Other non-current assets	5	1,306,276	1,314,751	(8,475)	(0.6) %
Deferred tax assets	6	1,832,486	1,524,097	308,389	20.2 %
Total non-current assets		**35,228,934**	**29,818,234**	**5,410,700**	**18.1%**
Trade and other receivables	7	16,721,062	12,465,270	4,255,792	34.1 %
Other current assets	8	2,034,3839	2,468,920	(434,537)	(17.6%)
Liquid funds and equivalent	9	7,153,665	13,324,983	(6,171,318)	(46.3 %)
Total current assets		**25,909,110**	**28,259,173**	**(2,350,063)**	**(8.3 %)**
Total Assets		**61,138,044**	**58,077,407**	**3,060,637**	**5.3 %**
Share capital	10	384,834	374,276	10,557	2.8%
Reserves	11	19,279,481	16,775,315	2,504,166	14.9 %
Period result		(2,516,005)	387,098	(2,903,103)	(750.0 %)
Shareholders' equity of minority interests		(59,974)	(6,086)	(53,888)	885.5 %
Total shareholders' equity		**17,088,335**	**17,530,603**	**(442,268)**	**(2.5%)**
Amounts due to banks and other lenders	12	4,128,592	3,477,932	650,660	18.7 %
Long-term right of use liability	12	1,520,629	2,300,390	(779,762)	(33.9 %)
Other non-current liabilities	13	-	2,000,000	(2,000,000)	(100.0%)
Provisions for risks and charges	14	354,667	221,667	133,000	60.0 %
Staff funds	15	3,976,471	2,265,831	1,710,640	75.5%
Deferred tax liabilities	16	915,844	715,135	200,709	28.1 %
Total non-current liabilities		**10,896,203**	**10,980,955**	**(84,753)**	**(0.8 %)**
Trade and other payables	17	14,871,582	14,188,380	683,202	4.8 %
Amounts due to associates	17	-	2,000	(2,000)	(100.0 %)
Amounts due to banks and other lenders	18	1,880,773	1,234,624	646,149	52.3 %
Short-term right of use liability	19	817,672	998,388	(180,716)	(18.1 %)
Other current liabilities	20	15,583,479	13,142,457	2,441,022	18.6%
Total current liabilities		**33,153,506**	**29,565,850**	**3,587,656**	**12.1%**
Total Liabilities		**61,138,044**	**58,077,407**	**3,060,637**	**5.3%**

CONSOLIDATED INCOME STATEMENT AS AT 31/12/2022

amounts in Euro	Notes	31/12/2022	%	31/12/2021	%	Change	Cha. %
Revenues SaaS	21	38,692,028	37.4 %	26,089,735	36.6%	12,602,293	48.3%
Revenues CPaaS	21	63,312,092	61.3 %	44,070,048	61.9%	19,242,044	43.7 %
Other revenues	21	1,354,293	1.3 %	1,077,179	1.5%	277,114	25.7 %
Total revenues		**103,358,412**	**100.0 %**	**71,236,961**	**100.0%**	**32,121,452**	**45.1 %**
COGS costs	22	72,537,675	70.2 %	47,436,618	66.6%	25,101,057	52.9 %
Gross profit		**30,820,738**	**29.8 %**	**23,800,343**	**33.4%**	**7,020,394**	**29.5 %**
S&M costs	23	9,986,088	9.7 %	7,323,997	10.3%	2,662,090	36.6 %
R&D costs	24	4,507,146	4.4 %	3,175,065	4.5%	1,332,081	42.0 %
Capitalized R&D costs		*(3,850,637)*	*(3.7 %)*	*(2,661,338)*	*(3.7%)*	*(1,189,299)*	*44.7 %*
R&D costs		8,357,783	8.1 %	5,836,403	8.2%	2,521,380	43.2 %
General costs	25	12,229,875	11.8 %	8,099,937	11.4%	4,129,938	51.0 %
Total costs		**26,723,109**	**25.9 %**	**18,599,000**	**26.1%**	**8,124,110**	**43.7%**
EBITDA		**4,097,629**	**4.0 %**	**5,201,344**	**7.3%**	**(1,103,715)**	**(21.2)%**
General amortization, depreciation and provisions	26	451,347	0.4 %	344,028	0.5%	107,319	31.2 %
Amortization right of use	26	999,342	1.0 %	1,188,778	1.7%	(189,435)	(15.9 %)
Amortization R&D	26	3,952,461	3.8 %	2,385,842	3.3%	1,566,619	65.7%
Impairment and provisions	26	1,542,000	1.5 %	150,666	0.2%	1,391,334	923.5%
Amortization, depreciation and provisions		**6,945,150**	**6.7 %**	**4,069,313**	**5.7%**	**2,875,837**	**70.7%**
EBIT		**(2,957,521)**	**(2.9 %)**	**1,132,031**	**1.6%**	**(4,089,552)**	**(361.3%)**
Financial operations	27	(272,795)	(0.3 %)	(49,653)	(0.1%)	(223,141)	(449.4%)
EBT		**(3,120,316)**	**(3.0 %)**	**1,082,377**	**1.5%**	**(4,202,693)**	**(388.3 %)**
Income tax	28	(184,723)	(0.2 %)	(848,723)	(1.2%)	664,001	(78.2 %)
Deferred tax assets (liabilities)	28	741,036	0.7 %	134,955	0.2%	606,081	449.1 %
Period profit/(loss)		**(2,564,003)**	**(2.5 %)**	**368,608**	**0.5%**	**(2,932,611)**	**(795.6 %)**
Group profit (loss)		(2,516,005)	(2.4 %)	387,098	0.5 %	(2,903,103)	(750.0 %)
Minority interest profit (loss)		(47,998)		(18,489)		(29,508)	159.6 %
Actuarial profit/(loss) net of the tax effect		404,442	0.4 %	(59,245)	(0.1%)	463,686	(782.7%)
Profit/(loss) deriving from the conversion of the financial statements of consolidated companies carried in currencies other than the Euro		(47,025)	(0.0%)	(45,715)	(0.1%)	(1,310)	2.9%
Comprehensive year profit/(loss)		**(2,206,586)**	**(2.1%)**	**263,648**	**0.4%**	**(2,470,235)**	**(936.9 %)**

Result:			
Per share	29	(0.1670)	0.0261
Diluted result	29	(0.1619)	0.0246

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Figures in Euro	31/12/2021	Allocation of result	Increase in Reserves	Purchase of treasury shares	Capital increase for the purchase of equity investments	Comprehensive IS result	Stock option plan	Profits/losses carried forward	FY result	31/12/2022
Share capital	374,276				10,557					384,834
Share premium reserve	12,753,906				989,443					13,743,348
Legal reserve	80,000									80,000
Extraordinary reserve	7,367,050	387,098	400,465							8,154,612
Reserve for treasury stock	(714,725)			(423,620)	860,669					(277,675)
Reserve for exchange rate gains	(0)							74,625		74,625
Profit/(loss) carried forward	(1,973,633)				389,332			(248,005)		(1,832,307)
Stock option reserve	184,368						(184,368)			-
OCI reserve and translation	(441,269)					357,417				(83,854)
FTA reserve	(613,449)		(98,889)							(712,339)
Merger surplus reserve	133,068									133,068
FY result	387,098	(387,098)							(2,516,005)	(2,516,005)
Shareholders' equity	**17,536,689**	**-**	**301,575**	**(423,620)**	**2,250,001**	**357,417**	**(184,368)**	**173,380**	**(2,516,005)**	**17,148,307**

Figures in Euro	31/12/2020	Allocation of result	Capital increase	Transfer of Reserves	Purchase of treasury shares	Use of treasury shares	Comprehensive IS result	Stock option plan	Profits/losses carried forward	FY 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	1,753,193									7,367,050
Reserve for treasury 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 surplus reserve	133,068										133,068
FY 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**

CONSOLIDATED CASH FLOW STATEMENT

Consolidated Cash Flow Statement - Amounts in Euro	31/12/2022	31/12/2021
Period profit/(loss)	(2,564,003)	368,608
Income tax	184,723	848,723
Prepaid/deferred tax	(741,036)	(134,955)
Interest expense/(interest income)	284,102	103,873
Exchange (gains)/losses	(11,307)	(54,219)
(Dividends)		
(Capital gains)/capital losses deriving from the disposal of assets		
1 Year profit/(loss) before income tax, interest, dividends and capital gains/losses on disposals	**(2,847,521)**	**1,132,031**
Value adjustments for non-monetary elements that have no equivalent item in net working capital		
Provisions for TFR	625,628	573,742
Other provisions	230,698	280,709
Amortization and depreciation of fixed assets	5,305,453	3,770,938
Impairment	1,542,000	150,666
Other adjustments for non-monetary items	761,812	(501,653)
2 Cash flow before changes in NWC	5,618,070	**5,406,433**
Changes to net working capital		
Decrease/(increase) in trade receivables	(498,564)	(2,110,968)
Increase/(decrease) in trade payables	35,155	2,363,243
Decrease/(increase) in accrued income and prepaid expenses	325,150	(570,357)
Increase/(decrease) in accrued liabilities and deferred income	(529,919)	1,009,805
Decrease/(increase) in tax receivables	(56,428)	2,211,825
Increase/(decrease) in tax payables	(1,523,562)	(81,808)
Decrease/(increase) in other receivables	255,784	665,356
Increase/(decrease) in other payables	315,226	664,464
Other changes in net working capital		
3 Cash flow after changes in NWC	**3,940,911**	**9,557,993**
Other adjustments		
Interest collected/(paid)	(73,140)	(8,579)
(Income tax paid)	(892,071)	(442,429)
(Capital gains)/capital losses deriving from the disposal of assets		
Dividends collected		
(Use of provisions)	(341,847)	(222,994)
4 Cash flow after other adjustments	**2,633,777**	**8,883,990**
A Cash flow from operations	**2,633,777**	**8,883,990**
Tangible fixed assets	(79,734)	(188,992)
(Investments)	(79,734)	(188,992)
Divestment realization price		
Intangible fixed assets	(4,948,238)	(3,889,778)
(Investments)	(4,948,238)	(3,889,778)
Divestment realization price		

Financial fixed assets	(39,387)	(10,195)
(Investments)	(39,387)	(10,195)
Divestment realization price		
Short-term financial assets	(0)	(0)
(Investments)	(0)	(0)
Divestment realization price		
Acquisition or disposal of subsidiaries	(3,750,000)	
B Cash flow from investments	**(8,817,360)**	**(4,088,965)**
Minority interest funds	(1,056,087)	(1,204,291)
Increase (decrease) in short-term payables to banks	93,155	96,382
Stipulation of loans	1,342,674	698,084
Repayment of loans	(2,491,916)	(1,998,757)
Own funds	(423,620)	(132,116)
Capital increase by payment		
Sale (purchase) of treasury shares	(423,620)	(132,116)
Change to share premium reserve		
C Cash flow from loans	**(1,479,706)**	**(1,336,407)**
Increase (decrease) in liquid funds (A ± B ± C)	**(7,663,290)**	**3,458,619**
Initial cash and cash equivalents	**13,324,983**	**9,866,364**
Initial cash and cash equivalents Contactlab 01.05.22	**1,491,972**	
Final cash and cash equivalents	**7,153,665**	**13,324,983**
Change in cash and cash equivalents	**(7,663,290)**	**3,458,619**

6. Notes to the Consolidated Annual Report as at 31 December 2022

General information

The Growens Group (hereinafter also the "Growens Group" or the "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. For an in-depth analysis of the issues relating to the Group and its core business, please refer to the in-depth analysis in the introductory part of this document and the Report on Operations to the financial statements.

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).

In this regard, please note that the IFRS accounting standards applied in drafting the annual financial statements closed as at 31/12/2022 are those in force on that date and are compliant with those adopted for preparing the financial statements as at 31/12/2021. 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 31/12/2022, 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 Euronext Growth Milan (formerly 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 statutory 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 31/12/2022 (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 shareholding in the associated company Consorzio CRIT S.c.ar.l., a capital increase was carried out on 19 July 2022 that changed the value of the shareholding as detailed in the table of shareholdings in associated companies below.

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;
- 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 (figures in Euro):

Company name	City or foreign country	Share capital in Euro	Shareholders' equity	Net profit/(loss)	% held	Book value
Bee Content Design Inc	USA	43,295	(1,259,952)	(1,008,356)	95.24	728,752
Acumbamail SL	Spain	4,500	403,942	376,842	100	1,092,658
Mailup Nordics A/S	Denmark	67,001	641,008	(304)	100	640,582
Agile Telecom S.p.A.	Carpi (MO)	500,000	3,540,479	2,220,479	100	8,800,000
Contactlab S.p.A	Milan (MI)	1,228,572	291,692	(285,644)	100	5,417,834
Datatrics B.V.	The Netherlands	999	(4,674,424)	(1,779,154)	100	4,260,6988
Total						**20,940,524**

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 31/12/2022.

Criteria for converting financial statements not prepared in Euro

The conversion of financial statements of subsidiaries denominated in currencies other than the Euro, Bee 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 31/12/2022;
- the items of the Income Statement have been converted at average exchange rates for 2022;
- 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:

Currency	Exchange rate as at 31/12/2021	Average exchange rate 2021	Exchange rate as at 31/12/2022	Average exchange rate 2022
US Dollar	1.1326	1.1835	1.0666	1.0539
Danish Krona	7.4364	7.4371	7.4365	7.4397

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;

With regard to Contactlab, the Balance Sheet consolidates balance sheet balances as of 31/12/2022, not present in the comparison column as of 31/12/2021, prior to the completion of the acquisition on 04/05/2022.

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 Income Statement, in respect of Contactlab, consolidates revenues and expenses for the period May - December 2022, following the completion of the acquisition of the same subsidiary. Consistently, the economic values in the comparison column as at 31/12/2021 do not include the costs and revenues of Contactlab.

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 combines the revenues deriving from the MailUp platform marketed by Growens, from Contactlab with respect to the "Tech" and "Agency" services referring only to the period after the closing of the acquisition, corresponding to the months of May and June 2022, from the BEE editor 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.

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 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. With reference to Contactlab, consolidated as from May 2022, it should be noted that the flows reported in the Cash Flow Statement have been calculated as the difference from the corresponding opening balances as of 30 April 2022, i.e. the opening balances as of 1 May 2022, not present in the other balance sheet and NFP reports presented in this Annual Report, added algebraically to the economic result for the same period May - December 2022, net of non-monetary changes. In the indication of the change in cash for the period, the opening cash position of Contactlab, corresponding to the balance as at 30/04/2022, not included in the Balance Sheet and NFP, is therefore also shown separately, in line with the criterion adopted for the representation of the comparison column as at 31 December 2021, which does not include the data of the acquired company.

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 31/12/2021, with the exception of the new accounting standards adopted as of 2022 and listed below.

NEW ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS APPLIED FROM 1 JANUARY 2022

In May 2020, the IASB published some restricted amendments to IFRS 3, IAS 16, IAS 37 and some annual revisions to IFRS 1, IFRS 9, IAS 41 and IFRS 16.

In March 2021, the IASB published some amendments to IFRS 16 that postpone the deadline from 30 June 2021 to 30 June 2022 for use of a practical expedient for the valuation of lease contracts, in the event that lease fees are renegotiated as a result of Covid-19. The lessee may choose to account for the concession as a variable fee during the period when a lower payment is recognised.

The application of the new amendments has not had any significant impact either on values or on financial statement disclosures.

ACCOUNTING STANDARDS, AMENDMENTS AND IFRS INTERPRETATIONS APPROVED BY THE EUROPEAN UNION, NOT YET OBLIGATORILY APPLICABLE AND NOT ADOPTED BY THE GROUP IN ADVANCE AS AT 31 DECEMBER 2022

In May 2017, the IASB issued the new IFRS 17 "Insurance Contracts". The new standard, which will replace the IFRS, will apply from 1 January 2023. However, early application is only permitted for entities that apply IFRS 9 - Financial Instruments and IFRS 15 - Revenue from Contracts with Customers.

In February 2021, the IASB published a number of restricted amendments to IAS 1, Practice Statement 2 and IAS 8. The amendments are intended to improve disclosures about accounting standards and to help users of financial statements distinguish between changes in accounting estimates and changes in accounting standards. The amendments will be applicable with effect from 1 January 2023. However, earlier application is permitted.

ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET APPLICABLE

As at the date of these financial statements, moreover, the competent bodies of the European Union had not yet completed the endorsement process necessary for the adoption of the following accounting standards and amendments:

- In January 2020, the IASB published some amendments to IAS 1 clarifying that the definition of "current" or "non-current" of a liability depends on the right existing at the reporting date. The amendments will apply from 1 January 2024.
- In May 2021, the IASB published amendments to IAS 12 – Deferred taxes relating to assets and liabilities arising from a single transaction. The amendments require companies to recognise deferred taxes when an asset or liability is initially recognised in a transaction that results in equal amounts of deductible and taxable temporary differences. The amendments will apply from 1 January 2023.
- In December 2021, the IASB published an amendment entitled "Amendments to IFRS 17 Insurance Contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information". The amendment is a transition option relating to comparative information on financial assets presented at the date of initial application of IFRS 17. The amendment is aimed at avoiding temporary accounting mismatches between financial assets and liabilities of insurance contracts, and therefore at improving the usefulness of comparative information for readers of the financial statements. The

amendments will apply from 1 January 2023, in conjunction with the application of IFRS 17.

The Group will adopt these new standards, amendments and interpretations, based on the expected date of application and will evaluate the potential impacts thereof, when approved by the European Union.

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.

The table below shows the value of consolidated financial instruments at the end of 2022.

(Amounts in Euro)	Book value	Fair value	Fair value hierarchy
Other financial assets			
Other non-current financial assets	1,306,276	1,306,276	Level 3

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.

NOTES ON THE EQUITY, FINANCIAL AND ECONOMIC STATEMENTS

Assets

Non-current assets

Tangible assets (1)

31/12/2021	31/12/2022	Changes
1,451,491	1,204,296	(247,195)

Plants and machinery

Description	31/12/2021	31/12/2022	Changes
Plants and machinery	41,470	23,529	(17,941)
Other assets	1,410,021	1,180,767	(229,254)
Total	**1,451,491**	**1,204,296**	**(247,195)**

“Other assets” include:

- expenses for the purchase of office furniture and furnishings for Euro 286,185, net of depreciation for the year;
- expenses for the purchase of electronic office machines for Euro 306,115, net of depreciation for the year;
- expenses for the purchase of mobile telephones for Euro 11,086, net of depreciation for the year;
- expenses for improvements to third-party assets for Euro 561,318 to set up and customize the new Milan office, net of depreciation for the year;
- other net tangible assets for Euro 16,063.

Right of Use

31/12/2021	31/12/2022	Changes
3,168,182	2,282,409	(885,773)

Description	31/12/2021	31/12/2022	Changes
Office right of use IFRS 16	2,728,086	1,787,301	(940,785)
Car right of use IFRS 16	324,003	235,963	(88,040)
PC right of use IFRS 16	116,093	259,145	143,052
Total	**3,168,182**	**2,282,409**	**(885,773)**

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 at the time of signing the related contracts, on the occasion of medium/long-term loans granted in its favour by the banking system, and is equal to 0.8% per annum. For leasing and vehicle rental contracts, a variable rate adjusted according to market dynamics was chosen. Quarterly assessments are carried out so that a rate in line with market trends is applied to new contracts. As for other tangible and intangible assets, the amounts shown above are net of the related provision for amortization/depreciation and equal to Euro 1,787,301 for leased offices, Euro 235,963 for vehicles and Euro 259,145 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)

31/12/2021	31/12/2022	Changes
6,855,106	10,942,158	4,087,052

Description	31/12/2021	31/12/2022	Changes
Software development	5,405,892	7,512,009	2,106,117
Third-party software	1,390,029	1,274,606	(115,423)
Trademarks	9,585	41,596	32,010
Other	49,599	2,113,947	2,064,348
Total	**6,855,106**	**10,942,158**	**4,087,052**

The item "software development" includes costs for the development of the MailUp platform of Growens, net of relevant amortization/depreciation; Intangible assets also include assets relating to projects not yet completed for a total of Euro 1,181 thousand more precisely Agile Telecom for Euro 795 thousand, BEE Content Design for Euro 325 thousand and Growens for Euro 61 thousand. For Contactlab, too, the incremental developments of its technological services represent a strategic business factor: the above-mentioned items include specific investments of approximately Euro 0.94 million. 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 the implementation of software owned by third parties. The item "Trademarks" includes the expenses incurred for the deposit and protection of the MailUp and Contactlab trademark in Italy and in other countries considered strategic in commercial terms. For an in-depth analysis of the new functionalities introduced in 2022 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 Annual Report and for the year as at 31/12/2022, an integral part of these financial statements. As part of the determination of the fair value of the assets and liabilities acquired from Contactlab, the Customer Asset list was valued under "Other" consolidated intangible assets in the amount of Euro 1,945,564, in addition to the recognition of the related deferred taxes in the amount of Euro 543 thousand. The following paragraph on Goodwill describes in detail the process that led to this valuation.

Goodwill (3)

31/12/2021	31/12/2022	Changes
15,405,497	17,400,305	1,994,808

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

Description	31/12/2021	Acquisition	Depreciation	31/12/2022
BEE Content Design, Inc.	162,418			162,418
Acumbamail SL	464,923			464,923
MailUp Nordics / Globase	640,583			640,583
Agile Telecom S.p.A.	8,256,720			8,256,720
Datatrics B.V.	5,801,699		(1,542,000)	4,259,699
ContactLab		3,536,808		3,536,808
Avviamento Faxator	79,154			79,154
Totale	**15,405,497**	**3,536,808**	**(1,542,000)**	**17,400,305**

On 4 May 2022, as mentioned several times, the acquisition of Contactlab was finalized. The acquisition was accounted for in accordance with the accounting method defined by IFRS 3 regulating business combinations. As required by IFRS 3, the Company determined its fair value at the date of acquisition. Growens then performed a Purchase Price Allocation (PPA) to determine the fair value of the identifiable assets acquired, liabilities and contingent liabilities. The analysis determined the valuation of the Customer Asset List according to the Multiperiod Excess Earning Method (MPEEM). This method estimates the present value of the profits attributable to the intangible asset in question after deducting the portion of the margin attributable to the so-called contributory assets, i.e. by subtracting the contribution to marginality made by other tangible and intangible assets to the exclusion of that which is valued among other intangible assets, other tangible assets, working capital and labour force (assembled work force). The value attributable to the intangible asset is obtained by discounting the future profits determined as above over the expected remaining useful life. The future projection of revenues and margins, estimated on the basis of past and prospective data, also takes into account for prudential purposes the Attrition Rate, i.e. the specific churn rate of Contactlab relevant business lines, i.e. Tech, Agency and SMS. On the results thus obtained, the relevant deferred tax assets were allocated.

The following table shows the comparison of the book values of the net assets acquired from Contactlab at the acquisition date (as resulting from the financial statements for the period ended 30 April 2022 of Contactlab) with the relative fair value at that date, determined in accordance with the provisions of paragraph 45 of IFRS 3.

Values in €/000		Book values at acquisition	IFRS adjustments	Fair Value adjustment	Fair Value
Non-current assets	**(a)**	**1,860**	**42**	**1,944**	**3,846**
Of which Tangible Assets		87			87
Of which Intangible Assets		1.96		1,944	3,040
Customer Asset list				*1,944*	*1,944*
Of which Rights of use on third-party assets			11		11
Of which Deferred tax assets		626	31		657
Of which Investments		50			50
Current assets	**(b)**	**5,510**			**5,510**
Total Assets	**(a+b)**	**7,369**	**42**	**1,944**	**9,355**
Total non-current liabilities	**(c)**	**2,992**	**133**	**543**	**3,668**
Of which Non-current financial liabilities		1,237	3		1,240
Of which Provisions for personnel		1,754	130		1,884
Of which Deferred tax liabilities				543	543
Deferred Taxes on Customer Asset List				*543*	*543*
Total current liabilities	**(d)**	**3,798**	**8**		**3,806**
Of which Current financial liabilities		3,798	8		3,806
Total Liabilities	**(c+d)**	**6,790**	**141**	**543**	**7,474**
Total	**(a+b)-(c+d)**	**579**	**(99)**	**1,401**	**1,881**

The table above also shows the effect of the adjustments resulting from the adjustment to IAS/IFRS, adopted by the Group, of Contactlab balance sheet balances as of 30/04/2022, originally calculated according to national OIC (Italian Accounting Body) accounting standards, which led to a decrease in the consolidated FTA (First Time Adoption) reserve of Euro 99 thousand.

The table below shows the determination of goodwill recognised in the financial statements following the acquisition, obtained by comparing the Acquisition Price and the fair value of the net assets acquired at the Acquisition Date.

Values in €/000		
Acquisition consideration		5,418
Of which directly attributable charges	*418*	
Provisional Fair Value of net assets acquired		1,881
Change in FTA reserve		99
Goodwill		3,537

Goodwill or consolidation difference arising from the acquisition of Contactlab was calculated as the difference between the purchase value of the investment and the net worth of the subsidiary at the first consolidation, i.e. at the nearest available accounting date of 30/04/2022. The related Purchase Price Allocation (PPA) procedure which was definitively determined is fully detailed in the previous paragraph and determined the value of goodwill to be Euro 3,536,808.

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 (2023-2025), as resulting from the budget data for FY 2023 and applying the forecasts of data contained therein for years from 2024 to 2025. 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.

On 3 February 2023, Growens announced that it had entered into a binding agreement to sell the business unit MailUp and its shareholdings in Contactlab S.p.A., Acumbamail S.L., MailUp Nordics A/S and its subsidiary Globase International A.p.S. to TeamSystem S.p.A.

(collectively, the "Email Service Provider" business) for a total consideration of Euro 70 million on a cash/debt free basis, subject to adjustments related to the actual values of working capital and net financial position of the perimeter being sold at the date of Closing, which is indicatively expected by June 2023. In determining the recoverable amount, the references in IAS 36 provide that the greatest significance is to be attributed to the **agreed price** in a **binding sale agreement** as in the case just mentioned, which takes precedence over the estimate made using valuation techniques applied for the other subsidiaries mentioned on the previous page. For this reason, for the subsidiaries included in the Email Service Provider area and subject to the binding sale agreement with TeamSystem S.p.A., the reference is the agreed price of Euro 70 million, which is far higher than the value of the related goodwill recognised equal to approximately 5 million.

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 the valuation practice relating to similar transactions in Italy and abroad, reference was made to the valuation methodology, commonly recognised by professional practice for transactions of this nature and companies operating in the reference sectors of the analytical method of the Discounted Cash Flow (DCF), applied to the subsidiaries Agile Telecom SpA, BEE Content Design Inc. and Datatrics BV.

The discounted cash flow (DCF) method applied to the forecasts of the 2023-2025 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: implied risk-free rate of return determined on the basis of the average yields for the financial year 2022 of Italian government bonds or of the reference country of the specific company for foreign subsidiaries;
- 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 2023) 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:

  Agile Telecom: 12.61%

  Datatrics: 7.89%

  BEE Content Design: 9.26%

In order to further stress the results of the impairment test and to verify its resilience even under worst-case assumptions with respect to the expected results, the directors applied prudential sensitivity assumptions 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%. In spite of the worst-case assumptions applied, the outcome of the test was largely higher than the carrying value in the financial statements for Agile Telecom and BEE Content Design, thus confirming the recoverability of goodwill, even in the extreme cases that foresaw for both a worsening with respect to the estimates made of about Euro 2.5 million.

The test result was negative for Datatrics BV. The estimates formulated in the three-year LRP 2023 - 2025 were in fact affected by the negative performance of the year, which was much lower than expected. Applying even minimal sensitivity assumptions, the value in use turns out to be lower than the recorded goodwill. In particular, the mean value was then applied, i.e. the central value of the sensitivity assumptions, to which corresponds the application of a 1% reduction in Tg and a 1% increase in WACC. The amount of the value in use calculated in this manner was Euro 4,260 thousand, thus Euro 1,540 thousand less than the goodwill recorded in the accounts. For this reason, the recognized write-down amounted to Euro 1,540 thousand for both goodwill and the value of the equity investment recognized in Growens' separate financial statements.

Equity investment in associates (4)

Tangible assets	Country	31/12/2021	Capital increase	Impairment	Purchases	31/12/2022
CRIT Cremona Information Technology	Italy	90,003	33,994		80,550	204,547
Other investments	Italy	9,106			47,349	56,455
Total		**99,109**				**261,003**

The amount recorded in the assets of the balance sheet refers to the Growens equity investment in Consorzio CRIT (CRemona Information Technology). The increase in other investments is due to the participations held by Contactlab as they are of marginal importance and being divested in the short term.

Other non-current assets (5)

31/12/2021	31/12/2022	Changes
1,314,751	1,306,276	(8,475)

Description	31/12/2021	Increases	Decreases	31/12/2022
Receivables from associated companies	64,641		64,641	
Receivables from others	43,040	3,716		46,756
Pledged amounts Bper	1,207,070	52,450		1,259,520
Total	**1,314,751**	**56,166**		**1,306,276**

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 disbursement of the loan connected to the MISE “ICT Digital Agenda” call for tenders. 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)

31/12/2021	31/12/2022	Changes
1,524,097	1,832,486	308,389

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	31/12/2021	31/12/2022	Changes
Growens Spa	239,011	341,976	102,965
Agile Telecom Spa	20,085	329,697	309,612
Bee Content Design Inc	752,001	688,716	(63,285)
ContactLab Spa	-	(40,902)	(40,902)

Datatrics BV	513,000	513,000	-
Total	**1,524,097**	**1,832,486**	**308,389**

In the case of Agile Telecom, the allocation of deferred tax assets stems from the receipt of the Patent Box benefit, an optional five-year preferential taxation scheme on income from the use of intangible assets. An ultra deduction of 110% is provided for R&D, Technological Innovation and Design costs incurred for the creation and development of proprietary rights (copyrighted software, industrial patents, designs). Specifically for Agile Telecom, research and development costs from 2016 to 2022 were considered for the ATWS (Agile Telecom Web Service) and Faxator projects. Against subsidised costs of Euro 2,869 thousand, mainly referring to internal personnel costs and external consultants who worked on these projects, a decrease in tax income of Euro 3,156 thousand was generated, which allowed current 2022 taxes to be reset to zero and IRES deferred tax assets of Euro 316 thousand relating to future tax credits to be recognised.

Current assets

Trade and other receivables (7)

31/12/2021	31/12/2022	Changes
12,465,270	16,721,062	4,255,792

Description	31/12/2021	31/12/2022	Changes
Receivables from customers	12,465,270	16,721,062	4,255,792

The increase in receivables is largely attributable to the inclusion of the balance as at 31/12/2022 of Contactlab trade receivables in the amount of Euro 3.03 million, which is not compared to the same value at the end of the previous year. Agile Telecom also saw an increase in its receivables in the amount of Euro 800 thousand, basically due to the significant increase in turnover, as well as some payment extensions granted to some strategic partners in exchange for benefits in terms of current and potential business.

Below is the breakdown of receivables by geographic area:

Description	31/12/2021	31/12/2022	Changes
Italy	7,121,569	8,361,435	1,239,866
EU	2,869,870	1,147,055	(1,722,815)
Non EU	2,473,830	7,212,572	4,738,742
TOTAL	**12,465,270**	**16,721,062**	**4,255,792**

Other current assets (8)

31/12/2021	31/12/2022	Changes
2,468,920	2,034,383	(434,537)

Description	31/12/2021	31/12/2022	Changes
Inventories	26,856	15,714	(11,143)
Tax receivables	170,112	110,883	(59,229)
Other receivables	509,009	264,367	(244,641)
Accrued income and deferred expenses	1,762,943	1,643,419	(119,524)
TOTAL	**2,468,920**	**2,034,383**	**(434,537)**

Liquid funds (9)

31/12/2021	31/12/2022	Changes
13,324,983	7,153,664	(6,171,318)

The balance represents liquid funds and cash as well as valuables held as at 31/12/2022. For an in-depth analysis of the financial dynamics affecting Cash and cash equivalents, please refer to the paragraph on Key Balance Sheet Data and Net Financial Position in the Report on Operations in this file, as well as the Cash Flow Statement as of 31/12/2022.

Liabilities and Shareholders’ Equity

Group Shareholders’ Equity

Share capital (10)

31/12/2021	31/12/2022	Changes
374,276	384,834	10,557

The share capital of the parent company Growens is entirely paid in and is represented as at 31 December 2022 by 15,393,343 ordinary shares with no par value, whose accounting parity comes to Euro 0.025 each.

Reserves (11)

31/12/2021	31/12/2022	Changes
16,775,315	19,279,481	2,504,166

Description	Balance as at 31/12/2021	Increases	Decreases	Balance as at 31/12/2022
Share premium reserve	12,753,906	989,443		13,743,348
Legal reserve	80,000			80,000
Stock option reserve	184,368		184,368	-
Extraordinary reserve	7,367,049	787,562		8,154,612
Reserve for exchange adjustments	0	74,625		74,625
FTA reserve	(613,449)		98,889	(712,338)
OCI and translation reserve	(441,270)	357,417		(83,854)
Reserve for treasury shares in portfolio	(714,724)	860,669	423,620	(277,674)
Merger surplus reserve	133,068			133,068
Profits/losses carried forward	(1,973,632)	389,332	248,005	(1,832,307)
Total	**16,775,315**	**3,459,047**	**954,882**	**19,279,481**

The increase in the extraordinary reserve is determined by the parent company's profit for the year 2021. The FTA reserve increased as a result of the application of IAS19 to the subsidiary Contactlab, which had always previously used the national accounting standards OIC, to the accounts as at 30/04/2022. The OCI reserve represents the effects deriving from the remeasuring of the defined benefits plan, as represented in the statement of comprehensive income.

For the closing of the 2022 accounts, management reversed the stock option reserve that had been set aside from 2020 due to the non-attainability of the target market capitalization. The incentive plan through stock options expiring at the end of April 2023 provides that the vesting condition of the options is subject to the occurrence of the achievement of the following Market Cap: the target is deemed to be achieved where the closing price of the shares for at least 5 out of 30 (consecutive) trading days, multiplied by the number of outstanding shares, gives a capitalization of the Company equal to or greater than Euro 135 million during the period of validity of the plan, from April 2020 to April 2023, corresponding to a price of Euro 8.77 per share. The maximum share price since the start of the plan was reached on 8 March 2023 at Euro 6.10, with a maximum capitalization of Euro 93.9 million, approximately 30% below the plan target. In the period from the beginning of 2023 until 20

March of the same year, during which the maximum values were recorded thanks to the interest aroused by the binding agreement for the sale of the Email Service Provider business unit signed with TeamSystem on 02/02/2023, mentioned several times in this document, the quotations remained decidedly below the plan's target: in February, the average of the 5 days with the highest quotation was -36% compared to the target, while in March, the same figure was -32% compared to the target. Therefore, starting from these historical data and evaluating the prospective ones, also considering the narrow time interval from the end of the stock option plan, the Market Cap target envisaged in the plan.

The negative reserve for treasury shares in the portfolio corresponds to the purchase price of treasury shares in the parent company held as at 31/12/2022. During 2022, a portion of the treasury shares, amounting to Euro 861 thousand, was used for the payment in kind to the former shareholders of Contactlab, for a countervalue of Euro 1.25 million. 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 negative and comes to Euro 2,516,005 as at 31/12/2022 with respect to Euro 387,098, positive, recorded as at 31/12/2021. 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

The non-controlling interest in shareholders' equity relates to the shares held by Massimo Arrigoni, Chief Executive Officer of the subsidiary BEE, beneficiary of a stock option plan dating back to the 2011 financial year, who, on 18 November 2021, 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

Payables to banks and other lenders - non-current portion (12)

31/12/2021	31/12/2022	Changes
3,477,932	4,128,592	650,660

The item "Payables to banks and other lenders" consists of Euro 3.4 million in payables to the banking system pertaining to the parent company and Euro 0.7 million pertaining to ContactLab. Please note that the Group debt is represented by unsecured loans. The Group did not resort to 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 (12)

Description	31/12/2021	31/12/2022	Changes
Long-term office right of use liability	2,085,086	1,250,604	(834,482)
Long-term car right of use liability	136,524	89,640	(46.88)
Long-term PC right of use liability	78,780	180,384	101,604
Total	**2,300,390**	**1,520,629**	**(779,762)**

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 (13)

31/12/2021	31/12/2022	Changes
2,000,000	-	(2,000,000)

The above debt to BMC Holding B.V., the selling party of Datatrics B.V., relating to the payment of the Earn-out, by virtue of the amending agreement signed by the parties to supplement the agreement originally signed, was settled on 14/07/2022, as follows: Euro 1 million in cash and the remaining Euro 1 million through the assignment of Growens shares issued through a specific capital increase already resolved for this purpose.

Provisions for risks and charges (14)

Description	31/12/2021	31/12/2022	Changes
Provisions for risks and charges	221,667	354,667	133,000

Description	31/12/2021	Increases	Decreases	31/12/2022
Provisions for severance indemnity upon cessation of office (TFM)	221,667	133,000		354,667

The provision for cessation of office 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 (15)

31/12/2021	31/12/2022	Changes
2,265,831	3,976,471	1,710,640

The change is as follows:

Description	31/12/2021	Increases	Decreases	Actuarial Gains/Losses	31/12/2022
Dismissal indemnity provision	2,265,831	2,662,172	341,847	(609,685)	3,976,471

The increases relate to accruals in the year for the employee severance indemnity, including the figure for the subsidiary Contactlab consolidated on this occasion for the first time. The decreases relate to 2022 uses.

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 turnover values noted in the Companies assessed over a time frame of observation deemed to be representative, were used; more specifically, annual frequencies of 10% were considered.

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:

Description	2022
Annual technical discounting rate	3.77%
Annual inflation rate	2.30%
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), same assumptions as at 31.12.2021, having carried out a roll-forward valuation at 31.12.2022.

Payables for deferred taxes (16)

Description	31/12/2021	Increases	Decreases	31/12/2022
Provision for deferred taxes	715,135	542,813	342,104	915,844

The provision for deferred taxes is related to the tax provision referred to BEE Content Design and to the recognition in the consolidated financial statements of deferred taxes related to the valuation of the intangible asset Customer Asset list of Contactlab resulting from the Purchase Price Allocation (PPA) procedure, details of which are presented in the section on Intangible Assets and Goodwill.

Current liabilities

Trade and other payables (17)

Description	31/12/2021	31/12/2022	Changes
Amounts due to suppliers	14,188,380	14,871,582	683,202
Amounts due to associated companies	2,000	-	(2,000)
Total	**14,190,380**	**14,871,582**	**681,202**

“Amounts due to suppliers” are recorded net of trade discounts. Part of the change (Euro 0.7 million) is attributable to the debt of the newly acquired ContactLab.
Below is a breakdown of trade payables according to geographic area:

Description	31/12/2021	31/12/2022	Changes
Italy	9,720,309	9,876,742	156,433
EU	2,016,401	276,623	(1,739,778)
Non EU	2,451,671	4,718,218	2,266,547
Total	**14,188,380**	**14,871,582**	**683,202**

Payables to banks and other lenders - current portion (18)

31/12/2021	31/12/2022	Changes
1,234,624	1,880,773	646,149

Description	31/12/2021	31/12/2022	Changes
Amounts due to banks - short-term	165,782	590,224	424,442
Short-term portion of loans	1,068,841	1,290,549	221,708
Total	**1,234,624**	**1,880,773**	**646,149**

The item Short-term Portion of Loans refers to the residual short-term portions of unsecured loans taken out by the parent company with Credito Emiliano, Banca BPER and Crédit Agricole, and the loans, already in place before the acquisition, of the subsidiary Contactlab with Crédit Agricole and Banca Intesa. The remaining item relates to bank debt to electronic payment circuits for payments made by credit card.

Short-term right of use liabilities (19)

31/12/2021	31/12/2022	Changes
998,388	817,672	(180,716)

Description	31/12/2021	31/12/20222	Changes
Short-term office right of use liability	795,118	582,163	(212,955)
Short-term car right of use liability	164,392	148,928	(15,464)
Short-term PC right of use liability	38,879	86,582	47,703
Total	**998,388**	**817,672**	**(180,716)**

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 (20)

31/12/2021	31/12/2022	Changes
13,142,457	15,583,479	2,441,022

Below is the breakdown of Other current liabilities:

Description	31/12/2022
Security deposits	28,428
Tax advances	(1,173,987)
Tax payables	538,769
Amounts due to social security institutions	911,986
Amounts due to Directors for emoluments	43,667
Amounts due to employees for salaries, holidays, permits and additional months' salaries	2,439,454

Payables for shared Bonus	1,837,539
Accrued expenses and deferred income	10,879,582
Other payables	78,041
Total	**15,583,479**

Tax payables mainly refer to withholdings applied to income from employment and autonomous work to be paid during the following period, as debt for direct taxes allocated. Amounts due to social security institutions mainly relate to various types of social charges to be paid during the following period with reference to the remuneration of the last month, the thirteenth month's salary and holiday accrued and not taken. Deferred income: most of the revenues of Growens, related to the MailUp platform, 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 recurring fees, such as Acumbamail, BEE and Datatrics, 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. In accordance with the accrual principle, deferred income is also recognized for the portion of Contactlab revenues accruing in the future. As at 31/12/2022, this item amounted to approximately Euro 1.12 million. The item Other payables relates to the redundancy incentive paid by Contactlab to an employee, which was paid in January.

Income Statement

Revenues (21)

31/12/2021	31/12/2022	Changes
71,236,961	103,358,412	32,121,452

Income from sales and services comes to Euro 103.3 million, recording an increase of Euro 32 million (+45.1%) on the figure for 2021.

Revenues by product type

Description	31/12/2021	31/12/2022	Changes
Revenues SaaS	26,089,735	38,692,028	12,602,293
Revenues CPaaS	44,074,048	63,312,092	19,242,044
Other revenues	1,077,179	1,354,293	277,114
Total	**71,236,961**	**103,358,412**	**32,121,452**

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 5,365 thousand at 31/12/2022 versus Euro 4,133 thousand at 31/12/2021), 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.
The increase in revenues also includes the value relating to the months from May to December 2022 finalized by the subsidiary Contactlab equal to approximately Euro 7.3 million. 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) (22)

31/12/2021	31/12/2022	Changes
47,436,618	72,537,675	25,101,057

The breakdown is as follows:

Description	31/12/2021	31/12/2022	Changes
Purchases Cogs	42,235,930	62,124,663	19,888,733
Services Cogs	3,039,018	4,826,850	1,787,832
Cost of rents and leases Cogs	11,405	51,110	39,705
Payroll cost Cogs	2,113,046	5,518,152	3,405,107
Sundry operating expenses Cogs	37,219	16,898	(20,321)
Total	**47,436,618**	**72,537,675**	**25,101,057**

COGS costs are 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, including the costs of the specific personnel, 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. Part of the increase, for approximately Euro 4.1 million, refers to the COGS costs of the newly acquired Contactlab starting from May 2022. The largely predominant part of these costs is represented by purchases to send text messages, about Euro 61.3 million in the year, by Agile Telecom from external suppliers.

Sales & Marketing costs (23)

31/12/2021	31/12/2022	Changes
7,323,997	9,986,088	2,662,090

The breakdown is as follows:

Description	31/12/2021	31/12/2022	Changes
Purchases S&M	6,043	9,199	3,156
Services S&M	2,042,973	2,893,032	850,059
Cost of rents and leases S&M	19,649	19,224	(425)
Payroll cost S&M	5,255,265	7,064,633	1,809,368
Sundry operating expenses S&M	67	-	(67)
Total	**7,323,997**	**9,986,088**	**2,662,090**

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 (24)

31/12/2021	31/12/2022	Changes
3,175,065	4,507,146	1,332,081

The breakdown is as follows:

Description	31/12/2021	31/12/2022	Changes
Purchases R&D	1,460	5,777	4,317
Services R&D	132,792	470,703	337,911
Cost of rents and leases R&D	4,580	9,310	4,730
Payroll cost R&D	5,586,187	7,871,185	2,284,998
Capitalized payroll cost	(2,549,953)	(3,849,829)	(1,299,876)
Total	**3,175,065**	**4,507,146**	**1,332,081**

These costs relate to departments that deal with research and development activities related to all Group subsidiaries. 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, the Agile Telecom SMS sending infrastructure and the technological services provided by Datatrics and Contactlab. 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.

General costs (25)

31/12/2021	31/12/2022	Changes
8,099,937	12,229,875	4,129,938

The breakdown is as follows:

Description	31/12/2021	31/12/2022	Changes
General purchases	109,847	214,816	104,968
General services	5,291,309	6,915,984	1,624,675
Cost of rents and leases General	121,586	372,505	250,918
Payroll cost General	2,259,828	4,428,268	2,168,440
Sundry operating expenses General	317,336	298,302	(19,063)
Total	**8,099,937**	**12,229,875**	**4,129,938**

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 (26)

31/12/2021	31/12/2022	Changes
4,069,313	6,945,150	2,875,837

Description	31/12/2021	31/12/2022	Changes
General amortization, depreciation and provisions	344,028	451,437	107,319
Amortization right of use	1,188,778	999,342	(189,435)
Amortization R&D	2,385,842	3,952,461	1,566,619
Impairment and provisions	150,666	1,542,000	1,391,334
Total	**4,069,313**	**6,945,150**	**2,875,837**

Right of use amortization was calculated for the first time in 2019 following the application of IFRS 16. In 2022, depreciation and amortization showed an increase in the portion referring to research and development activities, which represent the main strategic investment for Group companies, including Contactlab. It should be noted that about Euro 778 thousand of the increase is due to amortization of the newly acquired Contactlab. The write-down of Euro 1.542 million referred to the outcome of the impairment test procedure, which resulted in a lower value for this amount compared to the recognition of the goodwill of the Dutch subsidiary Datatrics. Please refer to the specific section on impairment testing for further details.

Financial operations (27)

31/12/2021	31/12/2022	Changes
49,653	272,795	223,139

The breakdown is as follows:

Description	31/12/2021	31/12/2022	Changes
Financial income	(1,696)	(13,112)	(11,416)
Financial expense	105,569	297,212	191,643
Exchange gains	(112,191)	(261,209)	(149,018)
Exchange losses	57,971	249,902	191,931
Total	**49,653**	**272,795**	**223,139**

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 about Euro 56 thousand calculated as per IFRS 16.

Income tax for the period (28)

31/12/2021	31/12/2022	Changes
(713,768)	556,313	1,270,082

Description	31/12/2021	31/12/2022	Changes
Current tax	(848,723)	(184,723)	664,001
Deferred tax	134,955	741,036	606,081
Total	**(713,768)**	**556,313**	**1,270,082**

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 (loss) per share (29)

Basic earnings/loss per share are calculated by dividing the net period earnings/loss attributable to ordinary company shareholders by the weighted average number of ordinary shares, excluding treasury shares, in issue during 2022. Below is the period result and information on shares used to calculate the basic earnings per share.

Description	31/12/2022
Net earnings (loss) attributable to shareholders	(2,516,005)
Opening number of ordinary shares	14,971,046
Opening portfolio treasury shares	163,052
Closing number of ordinary shares	(15,393,343)
Closing portfolio treasury shares	61,833
Weighted number of shares in issue	15,069,752
Basic earnings (loss) per share	(0.1670)

Diluted earnings per share are calculated as follows:

Description	31/12/2022
Net earnings (loss) attributable to shareholders	(2,516,005)
Opening number of ordinary shares	14,971,046
Opening portfolio treasury shares	163,052

Opening shares potentially assignable	933,607
Closing number of ordinary shares	15,393,343
Closing portfolio treasury shares	61,833
Closing shares potentially assignable	
Weighted number of shares in issue	15,536,556
Basic earnings (loss) per share	(0.1619)

Workforce

As at 31 December 2022, the Group had 426 employees, of whom 11 managers, 36 middle managers, 379 white-collar workers. The number of employees in terms of ULA (Annual Work Units) amounted to 373.76 at Group level.

Level of classification	Total number	%	Italy	United States of America	Spain	Denmark	The Netherlands
White-collar workers	379	88.2%	314	27	13	3	22
Middle managers	36	8.6%	36				
Managers	11	3.2%	11				
Total	**426**	**100.0%**	**361**	**27**	**13**	**3**	**22**

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 31/12/2022.

Fees to Directors and Auditors

The remuneration of the Directors, including the related contribution and the allocation of the Group variable bonus known as the shared bonus, the latter subject to year-end checks on the amount and on the possibility of the disbursement that gave a positive outcome, resulted, in year in question, equal to Euro 2,189,507 while the remuneration of the Boards of Statutory Auditors, where present, was equal 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 31/12/2022 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.

Subsequent events

Please refer to the specific section of the Consolidated Annual Report on Operations as at 31/12/2022, 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, 21 March 2023
The Chairman of the Board of Directors
Matteo Monfredini

8. Growens S.p.A. Annual Financial statements as at 31/12/2022

BALANCE SHEET

amounts in Euro	Notes	31/12/2022	31/12/2021	Changes	Cha. %
Tangible assets	1	1,056,373	1,354,448	(298,075)	(22.0 %)
Right of Use	1	1,966,180	2,708,323	(742,142)	(27.4 %)
Intangible assets	2	3,597,100	3,659,270	(62,170)	(1.7 %)
Equity investments in subsidiaries	3	20,940,524	17,139,860	3,800,665	22.2 %
Equity investments in associates and joint ventures	4	239,005	111,106	127,899	115.1 %
Other non-current assets	5	3,627,644	3,239,465	388,180	12.0 %
Deferred tax assets	6	341,932	238,967	102,965	43.1 %
Total non-current assets		**31,768,759**	**28,451,439**	**3,317,320**	**11.7%**
Trade and other receivables	7	2,799,852	2,991,636	(191,784)	(6.4 %)
Receivables from subsidiaries	8	7,389,892	3,889,379	3,500,514	90.0 %
Other current assets	9	1,444,331	1,887,818	(443,486)	(23.5 %)
Liquid funds and equivalent	10	1,591,258	7,485,288	(5,894,030)	(78.7 %)
Total current assets		**13,225,334**	**16,254,120**	**(3,028,787)**	**(18.6 %)**
Total Assets		**44,994,092**	**44,705,559**	**288,533**	**0.6%**
Share capital	11	384,834	374,276	10,557	2.8 %
Reserves	12	21,330,672	18,640,036	2,690,636	14.4%
Period result	12	(597.15)	862,186	(1,459,336)	(169.3%)
Total shareholders' equity		**21,118,356**	**19,876,498**	**1,241,857**	**6.2 %**
Amounts due to banks and other lenders	13	3,439,026	3,477,932	(38,906)	(1.1 %)
Long-term right of use liability	14	1,317,132	2,027,930	(710,798)	(35.1 %)
Other non-current liabilities	15		2,000,000	(2,000,000)	(100.0 %)
Provisions for risks and charges	16	266,667	166,667	100,000	60.0 %
Staff funds	17	1,896,117	1,999,034	(102,917)	(5.1 %)
Total non-current liabilities		**6,918,941**	**9,671,563**	**(2,752,622)**	**(28.5 %)**
Trade and other payables	18	1,828,811	1,588,326	240,485	15.1 %
Amounts due to subsidiaries	19	2,726,731	1,750,832	975,899	55.7 %
Amounts due to associates	19	0	2,000	(2,000)	(100.0 %)
Amounts due to banks and other lenders	20	1,505,389	1,194,687	310,702	26.0 %
Short-term right of use liability	21	674,635	776,497	(101,861)	(13.1 %)
Other current liabilities	22	10,221,228	9,845,155	376,073	3.8 %
Total current liabilities		**16,956,795**	**15,157,497**	**1,799,298**	**11.9%**
Total Liabilities		**44,994,092**	**44,705,559**	**288,533**	**0.6%**

INCOME STATEMENT

amounts in Euro	Notes	31/12/2022	%	31/12/2021	%	Delta	Delta %
Revenues SaaS	23	17,437,058	63.2%	15,713,220	67.9%	1,723,838	10.9%
Intercompany Revenues	23	9,339,654	33.9 %	6,614,527	28.6%	2,725,127	41.2 %
Other revenues	23	812,040	2.9 %	816,688	3.5%	(4,647)	(0.6 %)
Total revenues		**27,588,753**	**100.0 %**	**23,144,435**	**100.0 %**	**4,444,318**	**19.2 %**
COGS costs	24	8,400,977	30.5 %	6,883,821	29.7 %	1,517,157	22.0%
Gross profit		**19,187,775**	**69.5 %**	**16,260,615**	**70.3 %**	**2,927,161**	**18.0 %**
S&M costs	25	4,675,242	16.9 %	4,411,361	19.1 %	263,880	6.0 %
R&D costs	26	**5,222,659**	**18.9 %**	**3,786,031**	**16.4 %**	**1,436,628**	**37.9 %**
Capitalized R&D costs		(978,979)	(3.5 %)	*(859,913)*	*(3.7%)*	(119,066)	13.8 %
R&D costs		6,201,639	22.5 %	*4,645,944*	*20.1 %*	1,555,694	33.5 %
General costs	27	7,445,951	27.0 %	5,423,375	23.4 %	2,022,576	37.3 %
Total costs		17,343,852	62.9 %	13,620,768	58.9 %	3,723,849	27.3 %
EBITDA		**1,843,924**	**6.7 %**	**2,639,847**	**11.4 %**	**(795,923)**	**(30.2 %)**
General amortization, depreciation and provisions	28	201,385	0.7 %	198,378	0.9 %	3,007	1.5 %
Amortization right of use	28	754,354	2.7 %	889,620	3.8 %	(135,266)	(15.2 %)
Amortization R&D	28	1,610,840	5.9 %	1,322,406	5.7 %	288,434	21.8 %
Impairment and provisions	28	1,542,0000	5.6%	150,680	0.7 %	1,391,320	923.40%
Amortization, depreciation and provisions		4,108,578	14.9 %	2,561,083	11.1 %	1,547,495	60.4 %
EBIT		**(2,264,654)**	**(8.2 %)**	**78,764**	**0.3 %**	**(2,343,418)**	**(2,975.3 %)**
Financial operations	29	1,548,627	5.6 %	1,071,560	4.6 %	477,067	44.5 %
EBT		**(716,028)**	**(2.6 %)**	**1,150,323**	**5.0 %**	**(1,866,351)**	**(162.2 %)**
Income tax	30	(46,295)	(0.2 %)	(70,258)	(0.3%)	23,963	(34.1 %)
Deferred tax assets (liabilities)	30	165,173	(0.6 %)	(217,879)	(0.9%)	383,052	(175.8 %)
Period profit/(loss)		**(597,150)**	**(2.2%)**	**862,186**	**3.7 %**	**(1,459,336)**	**(169.3 %)**
Group profit (loss)		*(597,150)*	*(2.2 %)*	*862,186*	*3.7 %*	*(1,459,336)*	*(169.3 %)*
Minority interest profit (loss)							
Other components of the comprehensive income statement							
Profit/(loss) that will not be subsequently reclassified to the year result:							
Actuarial profit/(loss) net of the tax effect		196,993	0.7 %	(57,855)	(0.2%)	254,848	(440.5 %)
Profit/(loss) that will be subsequently reclassified to the year result							
Profit/(loss) deriving from the conversion of the financial statements of consolidated companies carried in currencies other than the Euro							
Profit (loss) for the year		**(400,156)**	**(1.5 %)**	**804,331**	**3.5 %**	**(1,204,488)**	**(149.8%)**
Result:							
per share		(0.0396)					
per diluted share		(0.0384)					

Statement of changes in equity in the year

Figures in Euro	31/12/2021	Allocation of result	Capital increase	Change to share premium reserve	Purchase of treasury shares	Use of treasury shares	Comprehensive IS result	Reversal Stock option plan	Changes due to acquisitions	FY result	31/12/2022
Share capital	374,276		10,557								384,834
Share premium reserve	12,753,906			989,443							13,743,349
Legal reserve	80,000										80,000
Extraordinary reserve	7,367,049	787,562							389,332		8,543,943
Reserve for treasury stock	(714,724)				(423,620)	860,670					(277,674)
Reserve for exchange rate gains	-	74,624									74,625
Profit/(loss) carried forward	(212,668)										(212,668)
Stock option reserve	184,368							(184,368)			-
OCI reserve	(337,513)						196,993				(140,520)
FTA reserve	(613,449)										(613,449)
Merger surplus reserve	133,068										133,068
FY result	862,186	(862,186)								(597,150)	(597,150)
Shareholders' equity	**19,876,498**	**-**	**10,557**	**989,443**	**(423,620)**	**860,670**	**196,993**	**(184,368)**	**389,332**	**(597,150)**	**21,118,356**

Figures in Euro	31/12/2020	Allocation of result	Capital increase	Transfer of Reserves	Purchase of treasury shares	Use of treasury shares	Comprehensive IS result	Stock option plan	Profits/ losses carried forward	FY 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 surplus reserve	133,068										133,068
FY 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**

Cash Flow Statement - Amounts in Euro	31/12/2022	31/12/2021
Period profit/(loss)	(597,150)	862,186
Income tax	46,295	70,258
Prepaid/deferred tax	(165,173)	217,879
Interest expense/(interest income)	83,482	28,902
Exchange (gains)/losses	(172,947)	(78,120)
(Dividends)	(1,459,162)	(1,022,341)
(Capital gains)/capital losses deriving from the disposal of assets		
1 Year profit/(loss) before income tax, interest, dividends and capital gains/losses on disposals	(2,264,654)	**78,764**
Value adjustments for non-monetary elements that have no equivalent item in net working capital		
Provisions for TFR	572,624	535,849
Other provisions	113,934	114,425
Amortization and depreciation of fixed assets	2,552,645	2,395,979
Impairment	1,542,000	150,680
Other adjustments for non-monetary items	461,520	(314,910)
2 Cash flow before changes in NWC	**2,978,069**	**2,960,787**
Changes to net working capital		
Decrease/(increase) in trade receivables	(3,308,729)	(2,116,839)
Increase/(decrease) in trade payables	1,214,384	585,886
Decrease/(increase) in accrued income and prepaid expenses	331,247	(530,755)
Increase/(decrease) in accrued liabilities and deferred income	(464,056)	945,132
Decrease/(increase) in tax receivables	(637,185)	230,715
Increase/(decrease) in tax payables	(271,233)	(362,503)
Decrease/(increase) in other receivables	150,366	784,392
Increase/(decrease) in other payables	21,066	564,667
Other changes in net working capital		
3 Cash flow after changes in NWC	13,928	**3,061,482**
Other adjustments		
Interest collected/(paid)	(45,839)	(4,452)
(Income tax paid)	(32,991)	(80,608)
(Capital gains)/capital losses deriving from the disposal of assets		
Dividends collected	1,459,162	1,022,341
(Use of provisions)	(264,806)	(217,192)
4 Cash flow after other adjustments	**1,129,454**	**3,781,571**
A Cash flow from operations	**1,129,454**	**3,781,571**
Tangible fixed assets	(37,327)	(170,668)
(Investments)	(37,327)	(170,668)
Divestment realization price		
Intangible fixed assets	(1,400,718)	(1,651,704)
(Investments)	(1,400,718)	(1,651,704)
Divestment realization price		
Financial fixed assets	(806,293)	(372,043)
(Investments)	(806,293)	(372,043)
Divestment realization price		
Short-term financial assets		
(Investments)		

Divestment realization price		
Acquisition or disposal of subsidiaries	(3,750,000)	
B Cash flow from investments	(5,994,338)	**(2,194,416)**
Minority interest funds	(605,526)	(947,909)
Increase (decrease) in short-term payables to banks	88,994	86,645
Stipulation of loans	1,342,674	698,084
Repayment of loans	(2,037,194)	(1,732,638)
Own funds	(423,620)	(132,116)
Capital increase by payment		
Sale (purchase) of treasury shares	(423,620)	(132,116)
Change to share premium reserve		
C Cash flow from loans	**(1,029,145)**	**(1,080,025)**
Increase (decrease) in liquid funds (A ± B ± C)	**(5,894,030)**	**507,131**
Initial cash and cash equivalents	7,485,288	6,978,157
Final cash and cash equivalents	1,591,258	7,485,288
Change in cash and cash equivalents	**(5,894,030)**	**507,131**

9. Notes to the Growens Separate Financial Statements

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 9,400 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 31/12/2022 that forms an integral part of these financial statements.

Accounting standards

Criteria for the preparation of the annual 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 2022 financial statements present a comparative year (FY 2021). In this regard, please note that the IFRS accounting standards applied in drafting the financial statements closed as at 31/12/2022 are those in force on that date and are compliant with those adopted for preparing the financial statements as at 31/12/2021, 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 31/12/2022, 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. 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.
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 31/12/2022 had not been completed and, therefore, could not be used.

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 2022 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 31/12/2022, 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.

Employee Incentive Plan As of 2022, all Growens Group employees, who have been employed for at least one year, receive an annual Shared Bonus. The bonus is awarded upon achievement of certain economic and financial targets (KPIs) by the Group and/or individual business units and is calculated as a percentage of the employees’ RAL. The calculation percentage differs according to the work level and is spread over the months of actual work. The calculation indices and work levels were communicated and made known to all staff. The total amount of the Shared Bonus was determined at the beginning of 2023. The portion actually accrued was allocated in 2022 on an accruals basis between personnel costs or 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.

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 taxes are calculated at the tax rate that is expected to be effective when the asset is realized or the liability settled. Deferred tax assets are only booked if it is likely that in following years, sufficient taxable income will be generated to realize 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.

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 Growens and the Group, based on IAS/IFRS accounting standards, are consistent and substantially unchanged with those applied in the Annual Financial Statements as at 31/12/2021, with the exception of the following.

Change in Accounting Standards

For an update on the change in accounting standards, please refer to the same paragraph in the consolidated notes in this document.

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 31/12/2022.

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 31/12/2022:

31 December 2022 Growens SpA

(Amounts in Euro)	Book value	Fair value	Fair value hierarchy
Other financial assets			
Other non-current assets	3,627,244	3,627,244	Level 3
Other current financial assets	-	-	Level 1

Contingent liabilities

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

NOTES ON THE EQUITY, FINANCIAL AND ECONOMIC STATEMENTS

Assets

Non-current assets

Tangible assets (1)

31/12/2021	31/12/2022	Changes
1,354,448	1,056,373	(298,075)

Plants and machinery

Description	Amount
Historical cost	254,503
Depreciation previous years	213,033
Balance as at 31/12/2021	**41,470**
Acquisitions in the year	16,417
Depreciation for the year	34,787
Balance as at 31/12/2022	**23,100**

Other assets

Description	Amount
Historical cost	4,168,363
Depreciation previous years	(2,855,384)
Balance as at 31/12/2021	**1,312,979**
Acquisitions in the year	23,389
Disposals for the year	2,478
Depreciation for the year	300,615
Balance as at 31/12/2022	**1,033,274**

“Other tangible assets” include:

- Expenses for the purchase of office furniture and furnishings for Euro 236,827, net of period depreciation;
- Expenses for the purchase of electronic office machinery for Euro 229,770, net of period depreciation;

- Expenses for the purchase of mobile telephones for Euro 3,373, net of period depreciation;
- Expenses for improvements to third-party assets for Euro 558,287, net of period depreciation.
- Other tangible assets for Euro 5,016.

Assets for rights of use

Description	31/12/2021	31/12/2022	Changes
Office right of use IFRS 16	2,400,870	1,592,998	(807,872)
Car right of use IFRS 16	194,869	108,566	(86,303)
PC right of use IFRS 16	112,583	264,616	152,033
Total	**2,708,323**	**1,966,180**	**(742,142)**

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 rental contracts for instrumental offices coincides with the rate applied to the parent company at the time of signing the related contracts, on the occasion of medium/long-term loans granted in its favour by the banking system, and is equal to 0.8% per annum. For leasing and vehicle rental contracts, a variable rate adjusted according to market dynamics was chosen. Quarterly assessments are carried out so that a rate in line with market trends is applied to new contracts.
As for other tangible and intangible assets, the amounts shown above are net of the related provision for amortization/depreciation of Euro 1,592,998 for leased offices and Euro 108,566 for leased vehicles, respectively and for hired PC for Euro 264,616. Therefore, by virtue of the application of IFRS 16, costs totalling Euro 777,232 relating to instrumental office rental in the amount of Euro 629,833, company cars leased and rented on a long-term basis in the amount of Euro 87,846, and IT equipment rented in the amount of Euro 59,552, incurred during the year, are not directly recognized as costs for the use of third-party assets, but recognized in the value of RoU assets and consequently depreciated.

Intangible assets (2)

31/12/2021	31/12/2022	Changes
3,659,270	3,597,100	(62,170)

Description of costs	Value 31/12/2021	Increases in the year	Decreases in the year	Amort. in the year	Value 31/12/2022
Software development	2,364,619	989,949		979,954	2,374,614
Third-party software	1,263,778	466,767	85,939	473,792	1,170,814
Trademarks	9,585	10,500		4,109	15,976
Other	21,288	19,440		5,033	35,695
Total	**3,659,270**	**1,486,656**	**85,939**	**1,462,888**	**3,597,100**

"Software development" includes, with the consent of the Board of Auditors, costs for the development of the MailUp platform for Euro 2,374,614, net of relevant amortization/depreciation. The item "Third-party software" includes the implementation, integration and development of third-party software used in business processes. 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 2022, 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. For an in-depth analysis of the new functionalities introduced in 2022 to the MailUp platform, 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 31/12/2022, an integral part of these financial statements.

Equity investments in subsidiaries (3)

31/12/2021	31/12/2022	Changes
17,139,860	20,940,524	3,800,665

Description	Value as at 31/12/2021	Increases in the year	Decreases in the year	Value as at 31/12/2022
Subsidiaries	17,139,860	5,417,834	1,617,170	20,940,524

The increase in equity investments is due to the acquisition of the subsidiary Contactlab S.p.A. on 4 May, as already mentioned. The largest decrease, amounting to Euro 1.542 million, relates to the partial write-down of the investment in the Dutch subsidiary Datatrics BV made as a result of the impairment test, details of which are provided in the specific section of the consolidated notes. The remaining decreases are related to the non-achievement of the target under the current stock option plan mentioned elsewhere in this document.

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

Company name	City or foreign country	Share capital in Euro	Shareholders' equity in Euro	Net profit/(loss)	% held	Book value
BEE CONTENT DESIGN INC	UNITED STATES	43,295	(1,259,952)	(1,008,356)	95.24	728,752

ACUMBAMAIL SL	SPAIN	4,500	403,942	376,842	100	1,092,658
MAILUP NORDICS A/S	DENMARK	67,001	641,008	(304)	100	640,582
AGILE TELECOM S.p.A.	CARPI (MO)	500,000	3,540,479	2,220,479	100	8,800,000
DATATRICS B.V.	THE NETHERLANDS	999	(4,674,424)	(1,779,154)	100	4,260,698
CONTACTLAB S.p.A.	ITALY	1,228,572	291,692	(285,644)	100	5,417,834
						20,940,524

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)

31/12/2021	31/12/2022	Changes
111,106	239,005	127,899

Company name	City or foreign country	Share capital	Shareholders' equity	Profit/(loss) 2022	% held	Book value
CRIT - Cremona Information Technology	CREMONA (CR)	548,400	372,497	(274,235)	33.29	182,550
Other investments						56,455

On 8 July 2022, the Shareholders' Meeting of CRIT-Cremona Information Technology S.c.ar.l. resolved to increase the share capital in divisible form: Growens first paid in Euro 26,830 and waived the collection of a non-interest-bearing loan previously granted to CRIT

for Euro 96,641. Secondly, on 23 September 2022, it subscribed to shares for a further Euro 1,600, bringing the CRIT investment to Euro 182,550.

The change of other investments is due to the following payments by way of capital subscription: for a total of Euro 14,083 to Prana Ventures SICAF Euveca, while for Euro 43,171 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)

31/12/2021	31/12/2022	Changes
3,239,465	3,627,644	388,180

Description of costs	Value as at 31/12/2021	Increases in the year	Decreases in the year	Amort. in the year	Value as at 31/12/2022
Receivables from Subsidiaries (Beyond 12 months)	1,960,447	400,000			2,360,447
Receivables from Associated Companies (Beyond 12 months)	64,641		(64,641)		-
Receivables from others	1,270				1,270
Tax receivables Beyond	6,036	371			6,407
Pledged amounts Bper	1,207,070	52,450			1,259,520
Total	**3,239,465**	**452,821**	**(64,641)**		**3,627,644**

The receivables from subsidiaries refer to the interest-bearing loan to Datatrics BV. Increases in 2022 refer to an additional Euro 400 thousand provided by the parent company to support the operational needs of the subsidiary. The item BPER pledge refers to the amount withheld as pledge by Banca Popolare dell'Emilia Romagna against the four disbursements in 2020-2021-2022 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)

31/12/2021	31/12/2022	Changes
238,967	341,932	102,965

Prepaid 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 based on the company's future income prospects.

Current assets

Trade and other receivables (7)

31/12/2021	31/12/2022	Changes
2,991,636	2,799,852	(191,784)

The amount relates to trade receivables and also includes receivables for invoices to be issued, in the amount of Euro 5,513. 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	Value as at 31/12/2022
Balance as at 31/12/2021	14,472
Use in the year	(14,472)
Allocation in the year	13,921
Balance as at 31/12/2022	**(13,921)**

In addition to the tax deductible provision equal to Euro 13,921, the provision for doubtful debt decreased by Euro 14,472 due to the closure of receivables that are no longer recoverable. It should be noted that, despite the increase in business revenues (11%), there was a reduction in receivables from customers, demonstrating the excellent control of the credit collection function.

Key accounts

In accordance with the provisions of IFRS 8, please note that for the years ended on 31/12/2022 and 31/12/2021, there are no customers generating revenues that exceed 10% of total revenues.

Receivables from subsidiaries and associates (8)

Description	Balance as at 31/12/2021	Value as at 31/12/2022	Changes
Subsidiaries	3,889,379	7,389,892	3,500,514

Receivables due from subsidiaries derive from normal commercial operations implemented during 2022. The increase is partly related to the expansion of holding services provided to subsidiaries and partly to the financial support of subsidiaries in the context of Group liquidity management.

Below is the breakdown of receivables by geographic area:

Receivables by geographical area	Customers	Subsidiaries	Total
Customers Italy	2,587,620	118,603	2,706,223
EU customers	10,897	3,884,595	3,895,492
Non-EU receivables	201,335	3,386,694	3,588,029
Total	**2,799,852**	**7,389,892**	**10,189,744**

Other current assets (9)

31/12/2021	31/12/2022	Changes
1,887,818	1,444,331	(443,486)

The item is as follows:

Description	Balance as at 31/12/2021	Balance as at 31/12/2022	Changes
Inventories	26,856	15,714	(11,143)
Tax receivables	77,572	115,699	38,127
Other receivables	302,247	163,023	(139,223)
Accrued income and deferred expenses	1,481,143	1,149,896	(331,247)
Total	**1,887,818**	**1,444,331**	**(443,486)**

Tax receivables as at 31/12/2022, are as follows:

Description	Amount
VAT advance payment	928
Hiring Tax Credit	2,807
R&D tax credit (L. 190/2014)	82,870
Receivables from tax authorities for withholding taxes	29,094
Total	**115,699**

Receivables due from others as at 31/12/2022 are as follows:

Description	Amount
Advances to Suppliers	3,392
Contributions on ICT digital agenda call	159,631
Total	**163,023**

Contributions on the ICT digital agenda call are related to the same call proposed by the MISE in the framework of the competitiveness agreements, which is extensively detailed under Research and Development activities in the Report on Operations. In this regard, we note the receipt, in June 2022, of Euro 130 thousand in non-repayable grants arising from the submission of the third statement of related costs and investments.

Accrued income and deferred expenses as at 31/12/2022 are as follows:

Description	Amount
Accrued income	-
Prepaid expenses	1,149,896
Total	**1,149,896**

Prepaid expenses consist of the future accrual portion of costs already recognised in the financial year, typically fees on software services, fees to external agencies that supported the Company in obtaining grants and subsidised loans related to multi-year projects, and prepaid costs related to moving the software services provided to the cloud. As at 31/12/2022, there were no accruals or deferrals with a residual duration of more than five years.

Liquid funds (10)

31/12/2021	31/12/2022	Changes
7,485,288	1,591,258	(5,894,030)

Description	Balance as at 31/12/2021	Balance as at 31/12/2022
Bank Accounts Receivable	7,485,196	1,590,890
Cash	92	368
Total	**7,485,288**	**1,591,258**

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 (11)

31/12/2021	31/12/2022	Changes
374,276	384,834	10,557

The share capital of the parent company Growens is entirely paid in and is represented as at 31 December 2022 by 15,393,343 ordinary shares with no par value, whose accounting parity comes to Euro 0.025 each. The share capital was increased by Euro 10,557 following the capital increase reserved for the selling party of the Dutch subsidiary Datatrics, as the in-kind portion of the earn-out under the specific modifying agreements agreed upon between the parties (see in this regard the Main Events of the Year). Therefore, 422,297 shares were subscribed for at a nominal price of Euro 0.025.

Reserves (12)

31/12/2021	31/12/2022	Changes
18,640,036	21,330,672	2,690,636

Description	31/12/2021	Increases	Decreases	31/12/2022
Share premium reserve	12,753,906	989,443		13,743,349
Stock option reserve	184,368		184,368	-
Legal reserve	80,000			80,000
Extraordinary reserve	7,367,049	1,176,894		8,543,943
Reserve for exchange adjustments	–	74,625		74,625
FTA reserve	(613,449)			(613,449)
OCI reserve	(337,513)	259,201	62,208	(140,520)
Reserve for portfolio treasury shares	(714,724)	860,670	423,620	(277,674)
Merger surplus reserve	133,068			133,068
Profits/losses carried forward Ias	(212,668)			(212,668)
Total	**18,640,036**	**3,360,833**	**670,196**	**21,330,672**

As already highlighted in the Report on Operations and in the Notes to the Consolidated Financial Statements, to which reference should be made, the analysis of Growens' share price performance over the 2020-2023 stock option plan period showed that the capitalization target set out in the plan is not achievable within the plan horizon. For this reason, the relevant reserve and allocated costs were reversed. 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 31/12/2022. The reserve for treasury shares is restricted and shall be maintained until such time as the shares are sold.

Period result

The net result for the year was negative and showed a loss of Euro 597,150 compared to a net profit of Euro 862,186 as of 31/12/2021. 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 31/12/2022, an integral part of these financial statements. Shareholders' equity items are broken down as follows according to their origin, possible use, allocation and use in the three previous years.

Nature / Description	Amount	Possibility of use (*)	Portion available
Share premium reserve	13,743,348	A, B	13,743,348
Stock option reserve	0	B	
Legal reserve	80,000	B	
Extraordinary reserve	8,543,943	A, B, C, D	8,543,943
Reserve for exchange rate gains	74,625		
FTA reserve	(613,449)		
OCI reserve	(140,520)		
Negative reserve for portfolio treasury shares	(277,675)		
Merger surplus reserve	133,068	B	133,068
Losses carried forward IAS	(212,668)		
Total	**21,330,672**		**22,287,291**
Restricted portion			
Residual distributable portion			**22,287,291**

(*) 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 (13)

31/12/2021	31/12/2022	Changes
3,477,932	3,439,026	(38,906)

Amounts due to banks relates to the residual medium/long-term portion of unsecured loans taken out. The following loans were taken out in 2022: an unsecured loan disbursed by Credem in the amount of Euro 1,000,000 at variable rate and a further tranche, in the amount of Euro 395,124, of the loan under the ICT Digital Agenda tender, of which Euro 352,178 disbursed by Cassa Depositi e Prestiti at a subsidised fixed rate of 0.8% per annum and Euro 42,946 at fixed rate of 2.2% by BPER. After these increases, the total financing related to the above-mentioned call amounts to a total of Euro 3,412,800, of which Euro 3,040,200 was provided by Cassa Depositi e Prestiti and Euro 372,600 by BPER, with an original term of 84 months including pre-amortization.

Long-term right of use financial liability (14)

Liabilities for rights of use

Description	31/12/2021	31/12/2022	Changes
Financial liability RoU offices MLT IFRS16	1,866,606	1,094,313	(772,293)
Financial liability RoU car MLT IFRS16	82,545	42,434	(40,111)
Financial liability RoU PC MLT IFRS16	78,779	180,384	101,605
Total	**2,027,930**	**1,317,132**	**(710,798)**

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 (15)

31/12/2021	31/12/2022	Changes
2,000,000	-	(2,000,000)

The above debt to BMC Holding, the selling party of Datatrics B.V., relating to the payment of the earn-out, by virtue of the amending agreement signed by the parties to supplement the agreement originally signed, was settled on 14/07/2022, as follows: Euro 1 million in cash and the remaining Euro 1 million through the assignment of Growens shares issued through a specific capital increase already resolved for this purpose.

Provisions for risks and charges (16)

31/12/2021	31/12/2022	Changes
166,667	266,667	100,000

Description	31/12/2021	Increases	Decreases	31/12/2022
Provision for pension and similar commitments (TFM)	166,667	100,000	-	266,667

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

Staff funds (17)

31/12/2021	31/12/2022	Changes
1,999,034	1,896,117	(102,917)

The change is as follows:

Description	31/12/2021	Increases	Decreases	Actuarial Gains/Losses	31/12/2022
Personnel provisions (TFR)	1,999,034	556,610	264,806	(394,722)	1,896,117

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:

	2022
Annual technical discounting rate	3.77%
Annual inflation rate	2.30%
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 (18)

31/12/2021	31/12/2022	Changes
1,588,326	1,828,811	240,485

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 1,625,757;
- amounts due to EU suppliers for Euro 24,255;
- amounts due to non-EU suppliers for Euro 178,799.

Payables to subsidiaries and associates (19)

31/12/2021	31/12/2022	Changes
1,752,832	2,726,731	973,899

Description	31/12/2021	31/12/2022	Changes
Subsidiaries	1,750,832	2,726,731	975,899
Associated companies	2,000	-	(2,000)
Total	**1,752,832**	**2,726,731**	**973,899**

Payables to subsidiary companies' consist of payables to Agile Telecom for VAT remittance, in connection with the Group VAT regime in place, in the amount of Euro 396,370 and for supplies in the amount of Euro 2,317,834 and to BEE Content Design Inc in the amount of Euro 2,754, to Globase International Aps in the amount of Euro 5,504, and to ContactLab in the amount of Euro 4,270.

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

Amounts due to banks and other lenders (20)

31/12/2020	31/12/2022	Changes
1,194,687	1,505,389	310,702

Description	31/12/2021	31/12/2022	Changes
Amounts due to banks - short-term	1,194,687	1,505,389	310,702
Total	**1,194,687**	**1,505,389**	**310,702**

Amounts due to banks mainly refer to the short-term portions of unsecured loans taken out by the Company with Credito Emiliano (Credem), Banca BPER and Crédit Agricole.

Short-term right of use liabilities (21)

31/12/2021	31/12/2022	Changes
776,497	674,635	(101,861)

Description	31/12/2021	31/12/2022	Changes
Financial liability RoU offices ST IFRS16	661,087	519,973	(141,114)
Financial liability RoU car ST IFRS16	76,530	68,080	(8,450)
Financial liability RoU PC ST IFRS16	38,879	86,582	47,703
Total	**776,497**	**674,635**	**(101,861)**

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 (22)

31/12/2021	31/12/2022	Changes
9,845,155	10,221,228	376,073

Tax payables

Description	31/12/2021	31/12/2022	Changes
VAT debt	(174,217)	(520,784)	(346,567)
Amounts due to tax authorities for withholding taxes	221,181	280,319	59,138
Total	**46,964**	**(240,465)**	**(287,429)**

Other current liabilities

Description	31/12/2021	31/12/2022	Changes
Amounts due to social security institutions	432,921	528,403	95,482
Amounts due to Directors for emoluments	30,468	32,737	2,269
Amounts due to employees for salaries and wages payable	535,310	639,690	104,380
Amounts due to employees for holidays, permits and additional months' salaries	686,650	824,915	138,264
Amounts due for variable bonuses to employees and directors	391,589	1,181,268	789,679
Accrued expenses	2,198	1,546	(652)
Deferred income	7,718,400	7,254,995	(463,405)
Other payables	655	(1,860)	(2,515)
Total	**9,798,191**	**10,461,694**	**663,503**

Deferred income: most of the revenues of Growens come from annual recurring 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 31/12/2022, there are no commitments and guarantees given by Growens to third parties.

Income Statement

Revenues (23)

31/12/2021	31/12/2022	Changes
23,144,435	27,588,753	4,444,318

Total revenues totalled Euro 27.6 million (Euro 23.1 million as at 31.12.2021), recording an increase of Euro 4.44 million (+19.2%) on the corresponding figure for the previous year.

Revenues by product type

Below are details of revenues according to product type.

Description	31/12/2021	31/12/2022	Changes
Revenues SaaS	15,713,220	17,437,058	1,723,838
Intercompany Revenues	6,614,527	9,339,654	2,725,127
Other revenues	816,688	812,040	(4,647)
Total	**23,144,435**	**27,588,753**	**4,444,318**

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. The growth in intercompany revenues is related to the allocation of staff costs (administration and accounting, invoicing, management control, human resources, legal services, senior management and M&A, technology and IT services, design and communication services) centralized for the entire Group at the parent company, which have been further strengthened through the organizational and skills growth of the holding company departments following the expansion of the Group and its complexity. This has progressively led to the adoption of more evolved and precise criteria for allocating these centralized costs to subsidiaries.

COGS (Cost of Goods Sold) (24)

31/12/2021	31/12/2022	Changes
6,883,821	8,400,977	1,517,157

The breakdown is as follows:

Description	31/12/2021	31/12/2022	Changes
Purchases Cogs	3,374,401	4,098,029	723,628
Services Cogs	2,498,063	3,147,546	649,483
Cost of rents and leases Cogs	9,669	7,013	(2,655)
Payroll cost Cogs	1,001,687	1,148,389	146,702
Sundry operating expenses Cogs	-	-	-
Total	**6,883,821**	**8,400,977**	**1,517,157**

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 for the use of cloud spaces, 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 costs directly related to services sold to customers. Most of these costs, Euro 4 million, are represented by purchases to send text messages, the main provider of which consists, for Euro 3.8 million, of the subsidiary Agile Telecom.

Sales & Marketing costs (25)

31/12/2021	31/12/2022	Changes
4,411,361	4,675,242	263,880

The breakdown is as follows:

Description	31/12/2021	31/12/2022	Changes
Purchases S&M	5,686	5,937	251
Services S&M	884,664	1,257,280	372,616
Cost of rents and leases S&M	19,649	16,899	(2,750)
Payroll cost S&M	3,501,362	3,395,125	(106,237)
Total	**4,411,361**	**4,675,242**	**263,880**

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.

Research & Development costs (26)

31/12/2021	31/12/2022	Changes
3,786,031	5,222,659	1,436,628

The breakdown is as follows:

Description	31/12/2021	31/12/2022	Changes
Purchases R&D	998	3,507	2,509
Services R&D	462,305	691,809	229,504
Cost of rents and leases R&D	4,579	3,366	(1,213)

Payroll cost R&D	4,178,062	5,502,957	1,324,895
Capitalized payroll cost	(859,913)	(978,979)	(119,066)
Total	**3,786,031**	**5,222,659**	**1,436,628**

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 2022 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 also increased due to the increase in the R&D team and the strengthening of the BEE Team, which deals with the software development of the BEE editor on behalf of the American subsidiary.

General costs (27)

31/12/2021	31/12/2022	Changes
5,423,375	7,445,951	2,022,576

The breakdown is as follows:

Description	31/12/2021	31/12/2022	Changes
General purchases	34,326	87,158	52,832
General services	3,307,081	4,266,038	958,957
Cost of rents and leases General	58,908	176,523	117,615
Payroll cost General	1,858,518	2,832,622	974,104
Sundry operating expenses General	164,542	83,609	(80,933)
Total	**5,423,375**	**7,445,951**	**2,022,576**

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. The increase in general costs, in addition to the impact of the increase in utility costs caused by the Russian-Ukrainian conflict and, in general, by the inflationary pressures observed at macroeconomic level, was affected by one-off costs related to the acquisition of Contactlab and other non-recurring costs, which were highlighted in the comment to the results in the Report on Operations, for a total amount of about Euro 721 thousand.

Amortization, depreciation and impairment (28)

Below are details:

Description	31/12/2021	31/12/2022	Changes
General amortization, depreciation and provisions	198,378	201,385	3,007
Amortization right of use	889,620	754,354	(135,266)
Amortization R&D	1,322,406	1,610,840	288,434
Impairment and provisions	150,680	1,542,000	1,391,320
Total	**2,561,083**	**4,108,578**	**1,547,495**

Right of use amortization was calculated for the first time in 2019 following the application of IFRS 16, as mentioned. The increase of Euro 1.39 million is related to the write-down of the investment in Datatrics BV for Euro 1.54 million as a result of the impairment test procedure described above.

Financial operations (29)

31/12/2021	31/12/2022	Changes
1,071,560	1,548,627	477,067

The breakdown is as follows:

Description	31/12/2021	31/12/2022	Changes
Dividends from subsidiaries	1,022,341	1,459,162	436,821
Financial income	62,680	56,435	(6,245)
Financial expense	(91,581)	(139,917)	(48,336)
Exchange gains	101,333	198,336	97,003
Exchange losses	(23,213)	(25,390)	(2,177)
Total	**1,071,560**	**1,548,627**	**477,067**

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 resulting from the actuarial valuation according to IAS 19R and interest resulting from the application of IFRS 16. Financial expenses also include Euro 42 thousand related to the recognition of the loss of Consorzio CRIT and the related decrease on the investment in the associated company. The increase in financial expenses was also affected by the significant rise in market rates, in particular Euribor, from the second half of 2022. The dividends are those approved by the Shareholders' Meeting of Agile Telecom on 14 April 2022 for Euro 1,081,265 and by the Shareholders' Meeting of Acumbamail on 18 March 2022 for Euro 377,897.

Income tax for the period (30)

31/12/2021	31/12/2022	Changes
288,137	(118,878)	(407,015)

Taxes	Balance as at 31/12/2022	Balance as at 31/12/2021	Changes
Current tax	**46,295**	**70,258**	**(23,936)**
IRES			
IRAP	46,295	65,715	(19,420)
Substitute taxes		4,543	(4,543)
Deferred (prepaid) taxes	**(165,137)**	**217,879**	**(383,052)**
IRES	(166,456)	217,879	(383,052)
IRAP	1,283		
Total	**(118,878)**	**288,137**	**(407,015)**

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	(826,027)	(198,246)
Theoretical tax expense (%)	24%	

Temporary differences taxable in subsequent years:		
Temporary differences deductible in subsequent years	1,192,402.	186,176
Reversal of temporary differences from previous years	(316,965)	(76,072)
Differences that will not be reversed in subsequent years	314,556	75,493
Ace 2022	(225,871)	(54,209)
Previous ace and tax loss carry-forwards	(138,095)	(23,060)
Taxable income	**0**	**0**
Current income taxes for the year		-
Deferred taxes net of uses of taxes accrued in previous years		
Net IRES for the year		-

Determination of the tax base for IRAP

Description	Value	Taxes
Difference between production value and costs before CDL and write-downs	11,191,393	436,464
Costs not relevant for IRAP purposes	2,031,8749	79,243
Revenues not relevant for IRAP purposes	(28,549)	(1,113)
	13,194,7187	
Theoretical tax expense (%)		3.90%
Deductions for employees	(12,007,677)	(468,299)
Taxable Irap	**1,187,041**	
Current IRAP for the year	**46,295**	**46,295**

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 2022. Below is the income and information on shares used to calculate the basic earnings per share.

Description	31/12/2022
Net earnings attributable to shareholders	(597,150)

Opening number of ordinary shares	14,971,046
Opening portfolio treasury shares	163,052
Closing number of ordinary shares	15,393,343
Closing portfolio treasury shares	61,833
Weighted number of shares in issue	15,069,752
Base earnings per share	**(0.0396)**

Diluted earnings per share are calculated as follows:

Description	31/12/2022
Net earnings attributable to shareholders	(597,150)
Opening number of ordinary shares	14,971,046
Opening portfolio treasury shares	163.0520
Opening shares potentially assignable	933,607
Closing number of ordinary shares	15,393,343
Closing portfolio treasury shares	61,833
Closing shares potentially assignable	
Weighted number of shares in issue	15,536,556
Base earnings per share	**(0.0384)**

Workforce

In 2022, Growens had 199 employees, of whom 9 managers, 19 middle managers and 171 white-collar workers. The number of total employees employed during the year, i.e. Annual Work Units, amounted to 173.81 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

Qualification	31/12/2021	31/12/2022
Directors	800,827	832,765
Board of Statutory 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 of which Growens is parent 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
08/06/2022	Contribution Sustainable Growth Fund project F 140001/00/x39 Call ICT Digital Agenda FRI DM 181017 SAL IV	130,395.23
		130,395.23

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:

Deed Date and disbursement	08/06/2022
Description	Contribution Sustainable Growth Fund - project F 140001/00/x39 Call ICT Digital Agenda FRI DM 181017 SAL IV
Contribution	130,395.23
Reported	5,215,389

Proposal for allocation of profits

It is proposed that the Shareholders' Meeting resolve to carry forward the loss for the year of Euro 597,150.

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, 21 March 2023
The Chairman of the Board of Directors
Matteo Monfredini

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