5. Group consolidated financial statements as at 31/12/2023

CONSOLIDATED BALANCE SHEET AS AT 31/12/2023

amounts in Euro	Notes	31/12/2023	31/12/2022	Change	Cha. %
Tangible assets		286,551	1,204,296	(917,745)	(76.2%)
Right of Use	1	1,258,009	2,282,409	(1,024,400)	(44.9%)
Intangible assets	2	5,434,791	10,942,158	(5,507,367)	(50.3%)
Goodwill	3	8,498,292	17,400,305	(8,902,013)	(51.2%)
Equity investments in associates and joint ventures		420,701	261,003	159,698	61.2%
Other non-current assets	4	6,075,448	1,306,276	4,769,172	365.1%
Deferred tax assets	5	1,369,823	1,832,486	(462,664)	(25.2%)
Total non-current assets		**23,343,615**	**35,228,934**	**(11,885,319)**	**(33.7%)**
Trade and other receivables	6	8,747,887	16,721,062	(7,973,175)	(47.7%)
Other current assets	7	9,621,356	2,034,383	7,586,972	372.9%
Cash and cash equivalents	8	40,488,090	7,153,665	33,334,425	466.0%
Total current assets		**58,857,332**	**25,909,110**	**32,948,222**	**127.2%**
Total Assets		**82,200,948**	**61,138,044**	**21,062,903**	**34.5%**
Share capital	9	384,834	384,834	0	0.0%
Reserves	9	(1,611,653)	19,279,481	(20,891,134)	(108,4%)
Group result of the period	9	58,213,479	(2,516,005)	660,729,484	2.413,7%
Shareholders' equity of minority interests		(117825)	(59,974)	(57,851)	(96.5%)
Total shareholders' equity		**56,868,834**	**17,088,335**	**39,780,498**	**232.8%**
Amounts due to banks and other lenders	10	2,074,235	4,128,592	(2,054,358)	(49.8%)
Long-term Right of Use liability	11	919,315	1,520,629	(601,314)	(39.5%)
Provisions for risks and charges		133,333	354,667	(221,333)	(62.4%)
Staff funds	12	1,097,245	3,976,471	(2,879,226)	(72.4%)
Deferred tax liabilities		358,397	915,844	(557,447)	(60.9%)
Total non-current liabilities		**4,582,525**	**10,896,203**	**(6,313,678)**	**(57.9%)**
Trade and other payables	13	12,730,699	14,871,582	(2,140,883)	(14.4%)
Amounts due to banks and other lenders	14	1,198,294	1,880,773	(682,479)	(36.3%)
Short-term Right of Use liability	15	354,384	817,672	(463,289)	(56.7%)
Other current liabilities	16	6,466,212	15,583,479	(9,117,266)	(58.5%)
Total current liabilities		**20,749,589**	**33,153,506**	**(12,403,916)**	**(37.4%)**
Total Liabilities		**82,200,948**	**61,138,044**	**21,062,903**	**34.5%**

CONSOLIDATED INCOME STATEMENT AS AT 31/12/2023 - AMOUNTS REPORTED IN APPLICATION OF IFRS 5 STANDARD

amounts in Euro	Notes	31/12/2023 *	%	31/12/2022*	%	Change	Cha. %
Revenues SaaS	17	10,237,069	13.6%	8,807,886	11.4%	1,429,183	16.2%
Revenues CPaaS	17	62,945,049	83.9%	67,257,397	87.4%	(4,312,348)	(6.4%)
Other revenues		1,878,339	2.5%	914,365	1.2%	963,974	105.4%
Total revenues		**75,060,458**	**100.0%**	**76,979,649**	**100.0%**	**(1,919,191)**	**(2.5%)**
COGS costs	18	60,244,752	80.3%	64,490,272	83.8%	(4,245,520)	(6.2%)
Gross profit		**14,815,705**	**19.7%**	**12,489,377**	**16.2%**	**2,326,328**	**18.6%**
S&M costs	19	4,414,462	5.9%	2,825,215	3.7%	1,589,246	56.3%
R&D costs	**20**	**1,941,566**	**2.6%**	**2,126,679**	**2.8%**	**(185,114)**	**(8.7%)**
Capitalized R&D costs		*(2,860,622)*	*(3.8%)*	*(2,074,811)*	*(2.7%)*	*(785,812)*	*37.9%*
R&D costs		*4,802,188*	*6.4%*	*4,201,490*	*5.5%*	*600,698*	*14.3%*
General costs	21	9,018,389	12.0%	6,107,619	7.9%	2,910,770	47.7%
Total costs		**15,374,416**	**20.4%**	**11,059,514**	**14.4%**	**4,314,902**	**39.0%**
EBITDA		**(558,710)**	**(0.7%)**	**1,429,863**	**1.9%**	**(1,988,573)**	**(139.1%)**
General amortization, depreciation and provisions	22	63,527	0.1%	48,828	0.1%	14,699	30.1%
Amortisation Right of Use	22	411,603	0.5%	410,946	0.5%	657	0.2%
Amortization R&D	22	2,654,232	3.5%	2,324,697	3.0%	329,535	14.2%
Amortization, depreciation and provisions		**3,129,362**	**4.2%**	**2,784,471**	**3.6%**	**344,892**	**12.4%**
EBIT		**(3,688,073)**	**(4.9%)**	**(1,354,608)**	**(1.8%)**	**(2,333,466)**	**(172.3%)**
Financial operations		1,025,461	1.4%	(253,445)	(0.3%)	1,278,906	504.6%
EBT		**(2,662,612)**	**(3.5%)**	**(1,608,053)**	**(2.1%)**	**(1,054,560)**	**(65.6%)**
Income tax	23	(375,664)	(0.5%)	(92,435)	(0.1%)	(283,229)	306.4%
Deferred tax assets (liabilities)	23	12,938	0.0%	656,000	0.9%	(643,062)	(98.0%)
Net result from Continuing Operations		**(3,025,338)**	**(4.0%)**	**(1,044,488)**	**(1.4%)**	**(1,980,850)**	**(189.6%)**
Net result from Discontinued Operations	**25**	**61,157,070**	**81.5%**	**(1,519,515)**	**(2.0%)**	**62,676,585**	**4,124.8%**
Period profit/(loss)		**58,131,733**	**77.4%**	**(2,564,003)**	**(3.3%)**	**60,729,484,**	**2,367.2%**
Group profit (loss)		58,213,479	77.6%	(2,516,005)	(3.3%)	60,729,484	2,413.7%
Minority interest profit (loss)		(81,746)	(0.1%)	(47,998)	(0.1%)	(33,748)	(70.3)%
Actuarial profit/(loss) net of the tax effect		(261,467)	(0.3%)	404.442	(0.5%)	(665,909)	(164.6%)
Profit/(loss) deriving from the conversion of the financial statements of consolidated companies carried in currencies other than the Euro		(145,809)	0.1%	(47,025)	0.0%	(98,784)	210%
Comprehensive year profit/(loss)		**57,724,457**	**76.9%**	**(2,206,586)**	**(2.1%)**	**59,931,043**	**2,716.0%**

Result:			
Per share	24	(0.2160) *	(0.0868)**
Diluted result	24	(0.2090) *	(0.08412)**

** Figures presented in accordance with IFRS 5*

*** Compared to last year's annual financial statements, earnings per share have been reclassified in accordance with IFRS 5*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Figures in Euro	31/12/2022	Allocation of result	Increase in Reserves	Purchase of treasury shares	Profits/losses carried forward	FY result	31/12/2023
Share capital	384,834						384,834
Share premium reserve	13,743,348						13,743,348
Legal reserve	80,000						80,000
Extraordinary reserve	8,154,612	389,331					8,543,943
Reserve for portfolio treasury shares	(277,675)			(18,003,263)			(18,280,939)
Reserve for exchange rate gains	74,625						74,625
Profit/(loss) carried forward	(1,832,307)	(2,905,336)					(4,737,643)
OCI reserve and translation	(83,854)				(371,863)		(455,717)
FTA reserve	(712,339)						(712,339)
Merger surplus reserve	133,068						133,068
FY result	(2,516,005)	2,516,005				58,213,479	58,213,479
Shareholders' equity	**17,148,307**	**-**	**-**	**(18,003,263)**	**(371,863)**	**58,213,479**	**56,986,659**
Shareholders' equity of minority interests	(59.974)	-	-	-	-	(57,851)	(117.825)
Shareholders' equity	**17,088,332**		**-**	**(18,003,263)**	**(371,863)**	**58,155,628**	**56,868,834**

Figures in Euro	31/12/2021	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	31/12/2022
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 portfolio treasury shares	(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**	**-**	**10,557**	**2,067,447**	**(423,620)**	**860,669**	**1,172,806**	**(184,368)**	**(1,375,867)**	**(2,516,005)**	**17.148.307**

CONSOLIDATED CASH FLOW STATEMENT

Consolidated Cash Flow Statement - Amounts in Euro	31/12/2023	31/12/2022
Profit (loss) for the period	58,131,733	(2,564,003)
Income tax	375,664	184,723
Deferred tax assets/liabilities	(22,047)	(741,036)
Financial income (expenses)	(63,746,490)	284,102
Exchange (gains)/losses	11,801	(11,307)
(Dividends)	(376,842)	
1 Profit (loss) of the period before income tax, interest, dividends and gains/losses from disposals	**(5,626,182)**	**(2,847,521)**
Value adjustments for non-monetary items that have no equivalent item in net working capital:		
Provisions for TFR	548,702	625,628
Other provisions	187,034	230,698
Amortisation and depreciation of fixed assets	4,002,155	5,305,453
Provisions and impairment		1,542,000
Other adjustments for non-monetary items	(768,480)	761,812
2 Cash flow before changes in NWC	(1,656,771)	**5,618,070**
Changes in net working capital		
Decrease/(increase) in trade receivables	8,080,206	(498,564)
Increase/(decrease) in trade payables	(2,140,882)	35,155
Decrease/(increase) in accrued income and prepaid expenses	(179,425)	325,150
Increase/(decrease) in accrued liabilities and deferred income	(8,595,535)	(529,919)
Decrease/(increase) in tax receivables	2,285,680	(56,428)
Increase/(decrease) in tax payables	(2,927,373)	(1,523,562)
Decrease/(increase) in other receivables	43,000	255,784
Increase/(decrease) in other payables	(912,365)	315,226
Other changes in net working capital		
3 Cash flow after changes in NWC	**(6,003,465)**	**3,940,911**
Other adjustments		
Interest collected/(paid)	42,959	(73,140)
(Income tax paid)		(892,147)
(Capital gains)/capital losses deriving from the disposal of assets		
Dividends collected	376,842	
(Use of provisions)	(90,796)	(341,847)
4 Cash flow after other adjustments	**(5,674,460)**	**2,633,777**
A Cash flow from operations	**(5,674,460)**	**2,633,777**
Tangible fixed assets	702,386	(79,734)
(Investments)	702,386	(79,734)
Divestment realisation price		
Intangible fixed assets	2,337,427	(4,948,238)
(Investments)	2,337,427	(4,948,238)
Divestment realisation price		
Financial fixed assets	8,619,742	(39,387)

(Investments)	8,619,742	(39,387)
Divestment realisation price	(4,646,000)	
Financial assets	(4,646,000)	
(Investments)		
Divestment realisation price		
Acquisition or disposal of subsidiaries	58,060,395	(3,750,000)
B Cash flow from investments	**65,073,950**	**(8,817,360)**
Minority interest funds	(3,170,241)	(1,056,087)
Increase (decrease) in short-term payables to banks	(146,100)	93,155
Stipulation of loans	379,200	1,342,674
Repayment of loans	(3,403,281)	(2,419,916)
Other current financial assets	(4,891,561)	
Own funds	(18,003,263)	(423,620)
Capital increase by payment		
Sale (purchase) of treasury shares	(18,003,263)	(423,620)
Change to share premium reserve		
C Cash flow from loans	**(26,065,065)**	**(1,479,706)**
Increase (decrease) in cash and cash equivalents (A ± B ± C)	**33,334,425**	**(7,663,290)**
Initial cash and cash equivalents	**7,153,665**	**13,324,983**
Cash and cash equivalents	**20,488,030**	
Cash equivalents	**20,000,060**	
Initial cash and cash equivalents Contactlab 01/05/2022		**1,491,972**
Final cash and cash equivalents	**40,488,090**	**7,153,665**
Change in cash and cash equivalents	**33,334,425**	**(7,663,290)**

6. Notes to the Consolidated Annual Report as at 31 December 2023

General information

The Growens Group (hereinafter also referred to as "Growens Group" or "Group") is an operator active in two main business areas:

1) Software-as-a-Service ("**SaaS**"), comprising the development and marketing of Cloud services offered to its customers, with particular focus on content design. These services are performed by the subsidiary Bee Content Design Inc. (hereinafter referred to as "Beefree" or "Bee Content Design");
2) Communication Platform as-a-Service ("**CPaaS**"), through its subsidiary Agile Telecom S.p.A. (hereafter "Agile Telecom"), which develops and sells technologies for the mass sending of SMS, for marketing and transactional purposes, with over 370 connections to B2B operators.

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 financial statements closed as at 31/12/2023 are those in force on that date and are compliant with those adopted for preparing the financial statements as at 31/12/2022. 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 Report as at 31/12/2023, it should adopt accounting standards precisely under these terms.

These consolidated financial statements are subject to statutory auditing by BDO Italia S.p.A., under the appointment made upon it for the period 2023-2025.

Application of IFRS 5

On 3 February 2023, Growens signed a binding agreement for the sale of the Growens business unit related to the MailUp BU and its shareholdings in Contactlab S.p.A. (now MailUp S.p.A.), Acumbamail S.L., MailUp Nordics A/S and its subsidiary Globase International A.p.S. (collectively, the "Email Service Provider" or "ESP" businesses) to TeamSystem S.p.A. for a total consideration of Euro 70 million on a cash/debt free basis, subject to any price adjustments to be calculated downstream of the transaction on the final values of the companies sold. The agreement also provides for the prior transfer by Growens of the business unit MailUp (including the shareholding in MailUp Nordics/Globase) into Contactlab S.p.A renamed MailUp S.p.A.
On 7 June 2023, the extraordinary shareholders' meeting of Contactlab resolved, inter alia, to: (i) increase its share capital by a total of Euro 708,309, including nominal value and share premium, to be paid through the contribution of the MailUp business unit (with the issue of 271,428 new shares); and (ii) change its company name to "MailUp S.p.A.". On 30 June 2023, Growens, in execution of the binding agreement signed with TeamSystem, transferred the aforementioned business unit to MailUp S.p.A., effective as of 11:59 p.m. of the same day, resulting in the subscription and full release of the capital increase.
On 13 July 2023, following the closing of the transaction agreed with TeamSystem, the sale of the Growens *Email Service Provider business unit* relating to the MailUp business unit and of the shares held 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. was finalised for a total consideration of Euro 76.6 million as the final consideration net of the price adjustments subsequently defined by the parties pursuant to the signed sale and purchase agreement.
On 9 October 2023, Growens entered into a binding agreement to sell 100% of the share capital of its Dutch subsidiary Datatrics BV to Squeezely BV, a company of the Spotler group, a leading player in marketing automation in the Netherlands and the UK, for a total consideration of Euro 1.6 million, which was subsequently finalised on 20 October 2023.

In these Consolidated Annual Financial Statements, the ESP business and the business attributable to Datatrics BV, represented by certain Cash Generating Units, given their significance and specificity, have consequently been treated as Discontinued Operations in accordance with IFRS 5; therefore:

- in the Income Statement for the financial year 2023, and, for comparative purposes for the financial year 2022, the items of revenues and income and expenses as of 1 January of the assets constituting the Discontinued Operations were reclassified to the item Net result from Discontinued Operations (Euro +56.5 million in 2023, Euro +1.3 million in 2022);
- in the Balance Sheet, the assets and liabilities attributable to the ESP business and Datatrics BV are not present, as the sale took place prior to the year-end shown here; instead, the Balance Sheet balances as at 31 December 2022 have not been restated;
- the Cash Flow Statement for the year 2023 shows the cash flows from operating, investing and financing activities for the period between 1 January 2023 and 31 December 2023 and, for comparative purposes, for the year 2022;

It should also be noted that the existing transactions between Continuing and Discontinued Operations were treated as transactions between independent parties and that the Income Statement and Balance Sheet items referred to the Discontinued Operations also include the effect of the consolidation eliminations of these transactions. In this document, therefore, all profit and loss figures for the financial year 2022 have been restated to allow a homogeneous comparison with those for the financial year 2023; the Balance Sheet figures as at 31 December 2022 are those published in the 2022 Consolidated Financial Statements.

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 31/12/2023 ("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.

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 resulting from consolidation adjustments made to the financial statements of consolidated companies have been recorded as necessary in the provision for deferred tax liabilities or deferred tax assets.

Subsidiaries consolidated on a line-by-line basis

The consolidation, in application of accounting standard IFRS 5, 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 Euro	Shareholders' equity	Net profit/(loss)	% held	Investment value
Bee Content Design Inc.	USA	43,295	(3,800,811)	(2,636,955)	96.9	1,336,349
Agile Telecom S.p.A.	Carpi (MO)	500,000	3,559,858	1,889,808	100	8,800,000
Total						**10,136,349**

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 31/12/2023.

Criteria for converting financial statements not prepared in Euro

The conversion of the financial statements of the subsidiary Bee Content Design, expressed in US Dollars, is carried out using the following procedures:

- the assets and liabilities have been converted at exchange rates current as at 31/12/2023;
- the items of the Income Statement have been converted at average exchange rates for FY 2023;
- 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 exchange rates used refer to the Euro unit and are shown below:

Currency	Exchange rate as at 31/12/2023	Average exchange rate 2023	Exchange rate as at 31/12/2022	Average exchange rate 2022
US Dollar	1.105	1.0816	1.0666	1.0539

Source http://cambi.bancaditalia.it

Financial statements and alternative performance indicators (API)

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

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

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

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

b) in the Income Statement, the positive and negative items of income are stated according to destination as for the previous year. Starting from 2021, the consolidated Income

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

The strategic business area SaaS (Software-as-a-Service) includes services provided to customers through platforms accessible in the cloud, used on the basis of multi-period contracts, mainly with recurring fees/subscriptions. At the level of the Business Unit, and considering the adoption of IFRS 5, the area combines the revenues from the editor Beefree. 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 analyzing the contents of the Income Statement items illustrates in more detail the criteria followed in the economic reclassification adopted. Also for the purposes mentioned above, reference was made to EBITDA (Earnings Before Interest Taxes Depreciation Amortization), an economic value not defined in the IAS/IFRS accounting standards representative of an Alternative Performance Indicator (API), equal to the operating result net of tangible and intangible depreciation and amortization;

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

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

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

Measurement criteria

The measurement criteria adopted by the Group, based on IAS/IFRS accounting standards, are consistent and substantially unchanged with respect to those applied in the annual financial statements as at 31/12/2022, with the exception of the new accounting standards adopted as of 2023 and listed below.

NEW ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS APPLIED FROM 1 JANUARY 2023

In May 2017, the IASB published IFRS 17 - Insurance Contracts, which is intended to replace IFRS 4 - Insurance Contracts. The standard applies from 1 January 2023; however, early application was permitted, only for entities that apply IFRS 9 – Financial Instruments and IFRS 15 – Revenue from Contracts with Customers.

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

In February 2021, the IASB published two amendments entitled "Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2" and "Definition of Accounting Estimates - Amendments to IAS 8". The amendments are aimed at improving disclosure on accounting policies in order to provide more useful information to investors and other primary users of the financial statements and to help companies distinguish changes in accounting estimates from changes in accounting policies. The amendments apply from 1 January 2023.

In May 2021, the IASB published an amendment entitled "Amendments to IAS 12 – Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction". The document clarifies how deferred taxes are to be accounted for on certain transactions that may generate assets and liabilities of equal amounts, such as leases and decommissioning obligations. The amendments apply from 1 January 2023. The application of the new amendments has not had any significant impact either on values or on financial statement disclosures.

In May 2023, the IASB published an amendment entitled "Amendments to IAS 12 – Income Taxes: International Tax Reform – Pillar Two Model Rules". The document introduces a temporary exception to the recognition and disclosure requirements for deferred tax assets and liabilities related to the Pillar Two Model Rules and provides for specific disclosure requirements for entities affected by the relevant International Tax Reform. The document provides for the immediate application of the temporary exception, while the disclosure requirements will only be applicable to annual financial statements commencing on (or after) 1 January 2023, but not to interim financial statements with a closing date prior to 31 December 2023.

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

ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET APPLICABLE

As at the date of these Annual 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 September 2022, the IASB published an amendment entitled "Amendments to IFRS 16 – Leases: Lease Liability in a Sale and Leaseback". The document requires the seller-lessee to measure the lease liability arising from a sale and leaseback transaction so as not to recognise an income or loss that relates to the retained Right of Use. The amendments will apply from 1 January 2024. However, earlier application is permitted.
- In May 2023, the IASB published an amendment entitled "Amendments to IAS 7 – Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements". It requires an entity to provide additional disclosures about reverse factoring arrangements that enable users of financial statements to evaluate how financial arrangements with suppliers may affect the entity's liabilities and cash flows and to understand the effect of those arrangements on the entity's exposure to liquidity risk. The amendments will apply from 1 January 2024. However, earlier application is permitted.

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 financial instruments at the end of FY 2023.

(Amounts in Euro)	Book value	Fair value	Fair value hierarchy
Other non-current financial assets	3,453,324	3,453,324	Level 3
Other non-current financial assets	2,622,124	2,622,124	Level 1
Cash equivalents	20,000,060	20,000,060	Level 3
Other current financial assets	4,891,561	4,891,561	Level 1

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

Rights of Use (1)

31/12/2023	31/12/2022	Changes
1,258,009	2,282,409	(1,024,400)

Description	31/12/2023	31/12/2022	Changes
Office Right of Use IFRS 16	973,727	1,787,301	(813,574)
Car Right of Use IFRS 16	158,882	235,963	(77,081)
PC Right of Use IFRS 16	125,399	259,145	(133,746)
Total	**1,258,009**	**2,282,409**	**(1,024,400)**

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 lease 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. As for other tangible and intangible assets, the amounts shown above are net of the related provision for amortisation/depreciation and amounted to Euro 973,727 for leased offices, Euro 158,882 for vehicles and Euro 125,399 for hired personal computers, respectively. IFRS 16 requires the Right of Use to be amortised on a straight-line basis over the remaining life of the underlying contract.

Intangible assets (2)

31/12/2023	31/12/2022	Changes
5,434,791	10,942,158	(5,507,367)

Description	31/12/2023	31/12/2022	Changes
Software development	4,847,304	7,512,009	(2,664,704)
Third-party software	569,968	1,274,606	(704,639)
Trademarks	5,121	41,596	(36,475)
Other	12,398	2,113,947	(2,101,549)
Total	**5,434,791**	**10,942,158**	**(5,507,367)**

The item “Software development” includes costs for the development of the Beefree editor and for technology services provided by Agile Telecom within their respective businesses. The asset represented by the Beefree editor was transferred by the parent company to the subsidiary Bee Content Design Inc. as at 31/12/2016, and as at 31/12/2023 its value amounted to Euro 3.4 million, net of the related accumulated amortisation. The item "Third-party software" includes costs relating to the implementation of software tools of third-party suppliers for long-term use within Group companies. The item "Trademarks" includes the expenses incurred for the deposit and protection of the Growens trademark in Italy and in other countries considered strategic in commercial terms. For an in-depth analysis of the new features brought to the Beefree editor in 2023 and regarding the other R&D projects carried out by the Group companies during the year, please refer to the paragraph "Research and development activities" of the Report on Operations, which is an integral part of these financial statements.

Goodwill (3)

31/12/2023	31/12/2022	Changes
8,498,292	17,400,305	(8,902,013)

Below is a breakdown of goodwill as at 31/12/2023, showing the changes that occurred as a result of the sales of the ESP business unit and Datatrics BV:

Description	31/12/2022	transfer to third parties	31/12/2023
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.	4,259,699	(4,259,699)	-
MailUp S.p.A. (formerly Contactlab S.p.A.)	3,536,808	(3,536,808)	-
Faxator goodwill	79,154		79,154
Total	**17,400,305**	**(8,902,013)**	**8,498,292**

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 in the consolidated financial statements at least once a year, or more often in the presence of events that lead to believe that the carrying amount is not recoverable, 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 (2024-2026), as resulting from the budget data for FY 2024 and applying the forecasts of data contained therein for FYs from 2025 to 2026. 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.

The potential recovery of the value of goodwill is tested by comparing its carrying value, net of the effect of Net Invested Capital (also CIN or NIC), with its recoverable value, determined as the Enterprise Value, and possibly also considering the Equity Value that incorporates the effect of the Net Financial Position at the end of the year under review against the carrying value of the investment in the separate financial statements. 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 S.p.A. and BEE Content Design Inc.

The Discounted Cash Flow (DCF) method applied to the forecasts of the 2024-2026 Plan (Long Range Plan or LRP), approved by the administrative bodies of the subsidiaries, and to the 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 annual average yields 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 2024) 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: 11.71%

BEE Content Design: 10.86%

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 progressively worsening assumptions to both the Terminal Growth Rate and the WACC.
For Agile Telecom, the three-year plan, and in particular the 2024 budget, i.e. the first year of the explicit period, already reflected highly conservative assumptions applied in the forecast, following the reduction in revenues recorded in FY 2023 despite the strong growth in margins, assuming a further significant reduction in 2024. The focus was on Enterprise Value, without benefiting from the very positive 2023 NFP (cash positive for Euro 4.5 million), substantially doubled year-on-year. This value was higher than the NIC-adjusted goodwill even under sensitivity assumptions (reduction of Terminal G and WACC increase of 0.5% and 1%).
For BEE Content Design, the focus was on the verification of both the Enterprise Value and the Equity Value with respect to the carrying value of the shareholding, in view of the financial support from Growens in the form of a long deferment in the payment of invoices for intercompany services. This debt was reclassified as a negative item of the NFP in order to test the resilience of both of the above values, effectively realised, even under hypothesis of sensitivity boost (worsening parameters from 0.5% to 1.5% with also cumulative effects) given that the three-year plan foresees growth strongly concentrated on the second and third years in line with the huge investment programmes that Growens intends to implement given the strategic role of the US subsidiary.
For both CGUs, no impairment to the goodwill recognised was therefore necessary.

Other non-current assets (4)

31/12/2023	31/12/2022	Changes
6,075,448	1,306,276	4,769,172

Description	31/12/2022	Changes	31/12/2023
Receivables from associated companies	-	70,000	70,000
Receivables from others	46,756	52,572	99,328
Pledged amounts BPER	1,259,520	-	1,259,520
Escrow on sale of ESP BU	-	4,646,600	4,646,600
Total	**1,306,276**	**4,769,172**	**6,075,448**

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" relates to security deposits due after one year: the change is composed of increases due to Beefree security deposits. 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. The item "Escrow on sale of ESP BU" amounting to Euro 4.6 million is attributable to a portion of the price paid by TeamSystem S.p.A. pledged as escrow as is customary in the settlement of similar extraordinary transactions, in particular to guarantee certain obligations related to the sale of the ESP business. For a better return on the cash temporarily tied up in Escrow, these funds were invested in interest-bearing deposit accounts or other low-risk securities, mainly government securities and certificates, in order to benefit from the favourable dynamics of lending rates. Since these securities are intended for "trading", i.e. maximising the return on liquid assets not invested for business purposes, in accordance with IFRS 9, they were measured at fair value with capital gains of Euro 38 thousand recognised in the Income Statement based on the market value at the end of the period. Lastly, there is the non-interest-bearing loan to the associate Consorzio CRIT in the amount of Euro 70 thousand.

Deferred tax assets (5)

31/12/2023	31/12/2022	Changes
1,369,823	1,832,486	(462,664)

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

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

Description	31/12/2023	31/12/2022	Changes
Growens S.p.A.	373,277	341,976	31,301
Agile Telecom S.p.A.	43,105	329,697	(286,591)
Bee Content Design Inc.	953,440	688,716	264,724
ContactLab S.p.A.	-	(40,902)	40,902
Datatrics BV	-	513,000	(513,000)
Total	**1,369,823**	**1,832,486**	**(462,664)**

Current assets

Trade and other receivables (6)

31/12/2023	31/12/2022	Changes
8,747,887	16,721,062	(7,973,175)

The decrease in trade receivables is attributable for Euro 2.4 million to the optimisation of the collection functions implemented by Agile Telecom and Bee Content Design, in addition to the gradual collection of Growens' receivables that were not transferred to MailUp S.p.A., while Euro 5.5 million is attributable to trade receivables of the companies that left the consolidation scope during the period under analysis.

Below is the breakdown of receivables by geographic area:

Description	31/12/2023	31/12/2022	Changes
Italy	2,255,196	8,361,435	(6,106,239)
EU	1,041,129	1,147,055	(105,926)
Non EU	5,451,561	7,212,572	(1,761,011)
Total	**8,747,887**	**16,721,062**	**(7,973,175)**

Other current assets (7)

31/12/2023	31/12/2022	Changes
9,621,356	2,034,383	7,586,972

Description	31/12/2023	31/12/2022	Changes
Inventories	37,128	15,714	21,414
Tax receivables	553,132	110,883	442,249

Other receivables	199,953	264,367	(64,414)
Accrued income and prepaid expenses	1,822,844	1,643,419	179,425
VAT credit	2,116,744	-	2,116,744
Other current financial assets	4,891,561	-	4,891,561
Total	**9,621,356**	**2,034,383**	**7,586,972**

The increase was almost entirely due to items related to other current financial assets, which correspond to investments in low-risk securities, mainly government securities, bonds and bond funds, and, to a lesser extent, equity funds, purchased for "trading" purposes , i.e. to maximise the return on liquid assets temporarily not invested for business purposes, which, in accordance with IFRS 9, were measured at fair value with capital gains of Euro 42 thousand recognised in the Income Statement based on the market value at the end of the period. Accrued income and prepaid expenses also increased as a result of Accrued interest income of more than Euro 600 thousand on interest-bearing investments in deposit accounts with banks or on coupons of government securities or bonds. These favourable returns benefited from still quite high market lending rates.

Cash and cash equivalents (8)

Description	31/12/2023	31/12/2022	Changes
Cash and cash equivalents	40,488,090	7,153,664	33,334,425

The balance represents cash and cash equivalents as well as valuables held at the end of 2023. The very noticeable increase of more than Euro 33 million is attributable to the effects of the collection of the sale consideration of the ESP business mentioned above. The cash available at Growens amounts to Euro 15.6 million, plus Euro 20 million of cash equivalents in deposit accounts at banks and the cash of Agile Telecom amounting to Euro 4.5 million.

Liabilities and Shareholders' Equity

Group Shareholders' Equity

Share capital and reserves (9)

The table below shows the share capital:

31/12/2023	31/12/2022	Changes
384,834	384,834	-

The share capital of the parent company Growens is entirely paid in and is represented as at 31/12/2023 by 15,393,343 ordinary shares with no par value, whose accounting parity comes to Euro 0.025 each.

Below is the composition of the reserves:

31/12/2023	31/12/2022	Changes
(1,611,653)	19,279,481	(20,891,134)

Description	Balance as at 31/12/2022	Increases	Decreases	Balance as at 31/12/2023
Share premium reserve	13,743,348			13,743,348
Legal reserve	80,000			80,000
Extraordinary reserve	8,154,612	389,331		8,543,943
Reserve for exchange adjustments	74,625			74,625
FTA reserve	(712,338)			(712,338)
OCI reserve and translation	(83,854)	(371,863)		(455,713)
Reserve for portfolio treasury shares	(277,674)	(18,003,263)		(18,280,938)
Merger surplus reserve	133,068			133,068
Group profits (losses) carried forward	(1,832,307)	(2,905,336)		(4,737,643)
Total	**19,279,481**	**(20,891,134)**		**(1,611,653)**

The main changes in the reserves are attributable to the voluntary partial tender offer, which Growens launched on 9 November 2023 on treasury shares. The acceptance period for the public offer ran from 13 November to 6 December 2023, with payment on 13 December 2023. The Company acquired 2,647,058 treasury shares at a unit price of Euro 6.80, for a total countervalue of Euro 17,999,994.40 as part of the voluntary partial tender offer.

The consolidated net result for the year referring to continuing operations, in accordance with IFRS 5, was negative and amounted to Euro 3,025,337, while the result including Discontinued Operations was positive and amounted to Euro 53,106,057, compared to a consolidated loss of Euro 2,564,003 in the comparative year 2022. This extremely strong performance is fundamentally attributable to the capital gains from the sale of the ESP business unit. For an in-depth analysis of the consolidated results, please refer to the specific section of the Report on Operations to these financial statements.

Shareholders' equity of minority interests

The non-controlling interest of shareholders' equity relates to the shares held by Massimo Arrigoni, Chief Executive Officer of the subsidiary Bee Content Design, beneficiary of a stock option plan dating back to the 2011 financial year, who subscribed 250,000 shares of the company, for a total amount equal to USD 2,500 share capital.
The equity investment held by Arrigoni thus amounted to 4.76%, while the remaining 95.24% was still held by the parent company Growens. On 2 August 2023, Growens repurchased from Massimo Arrigoni a 1.67% stake (87,500 shares) in the subsidiary's share capital for a total consideration of Euro 0.67 million, thus increasing Growens' shareholding percentage from 95.24% to the current 96.9%.

Non-current liabilities

Amounts due to banks and other lenders - non-current portion (10)

	31/12/2023	31/12/2022	Changes
Amounts due to banks and other lenders - non-current portion	2,074,235	4,128,592	(2,054,358)

The item "Amounts due to banks and other lenders" consists of Euro 2 million in payables to the banking system pertaining to the parent company. Please note that the Group debt is represented by unsecured loans. Following the collection of the consideration for the sale of the ESP business unit, only the extremely favourable fixed-rate loans, contracted with Euribor still negative, or facilitated loans, with rates significantly lower than the current remuneration of liquidity, were retained, while the variable-rate loans, which had undergone a significant increase in financial expenses as of June 2022, were repaid.

Long-term Right of Use liability (11)

Description	31/12/2023	31/12/2022	Changes
Long-term Right of Use liability	919,315	1,520,629	(601,314)

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. The change includes both the renewal of the Cremona office contract and the divestment of the leasing/rental contracts of the companies included in the scope of the FY 2023 divestments.

Staff funds (12)

31/12/2023	31/12/2022	Changes
1,097,245	3,976,471	(2,879,226)

The change is as follows:

Description	31/12/2023	31/12/2022
Dismissal indemnity provision	1,097,245	3,976,471

The increases relate to allocations for the year to the provision for employee severance indemnities, net of utilisations due to resignations during the period, in addition to the changes recognised in accordance with accounting standard IAS 19 mentioned in the following paragraphs.

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	31/12/2023
Annual technical discounting rate	3.17%
Annual inflation rate	2.00%
Annual TFR increase rate	3.00%
Annual salary increase rate	2.50%

The annual discounting rate used to calculate the current value of the obligation was inferred, consistently with paragraph 83 of IAS 19, by the Iboxx Corporate AA Index with duration 10+ recognised on the measurement date. For this purpose, the yield with duration comparable to the duration of the workers' group evaluated was chosen.

Current liabilities

Trade and other payables (13)

Description	31/12/2023	31/12/2022	Changes
Trade payables	12,730,699	14,871,582	(2,140,883)
Total	**12,730,699**	**14,871,582**	**(2,140,883)**

"Trade payables" are recorded net of trade discounts. Most of the decrease in this item is attributable to the specific commercial dynamics of Agile Telecom. Below is a breakdown of trade payables according to geographic area:

Description	31/12/2023	31/12/2022	Changes
Italy	9,573,858	9,876,742	(302,884)
EU	277,318	276,623	695
Non EU	2,879,523	4,718,218	(1,838,695)
Total	**12,730,699**	**14,871,582**	**(2,140,883)**

Amounts due to banks and other lenders - current portion (14)

31/12/2023	31/12/2022	Changes
1,198,294	1,880,773	(682,479)

Description	31/12/2023	31/12/2022	Changes
Amounts due to banks - short-term	112,778	259,037	(146,259)
Short-term portion of loans	1,085,516	1,621,736	(536,220)
Total	**1,198,294**	**1,880,773**	**(682,479)**

The item "Short-term portion of loans" is determined by the residual short-term portions of the unsecured loans taken out by the parent company with Credito Emiliano, Banca BPER and Crédit Agricole. Obviously, the same assessments apply as those previously set out in commenting on medium/long-term bank debt. The remaining item relates to bank debt to electronic payment circuits for payments made by credit card.

Short-term Right of Use liability (15)

31/12/2023	31/12/2022	Changes
354,384	817,672	(463,289)

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 (16)

31/12/2023	31/12/2022	Changes
6,466,212	15,583,479	(9,117,266)

Below is the breakdown of Other current liabilities:

Description	31/12/2023
Security deposits	4,891
Tax payables	330,491
Payables to social security institutions	336,909
Amounts due to Directors for emoluments	57,271
Amounts due to employees for salaries, holidays, leave and additional months' salaries	940,173
Payables for shared Bonus	2,512,429
Accrued liabilities and deferred income	2,284,048
Total	**6,466,212**

Tax payables mainly refer to withholdings applied to income from employment and autonomous work to be paid during the following period, as to debt for direct taxes allocated. Payables to social security institutions relate to social security charges of various kinds to be paid in the following period with reference to the last month's payroll, as well as Amounts due to employees relate to the punctual balance of salaries, holidays and leave, thirteenth and fourteenth month's salary already accrued but not yet paid to employees. Payables for shared Bonus are determined by the provision for employees' variable bonuses that will eventually be paid in the following year if the performance targets defined in the relevant plan are achieved. Deferred income arises from the application of the accrual principle to advance, typically annual or monthly, recurring fees paid by customers of SaaS services provided by the Group, attributable to Beefree. Deferred income is partly attributable to the SMS channel, in the event that the sale is brought forward with respect to actual use and sending by the customer.

Income Statement

Revenues (17)

31/12/2023*	31/12/2022**	Changes
75,060,458	76,979,649	(1,919,191)

* Figures presented in accordance with IFRS 5 and referring to continuing operations, i.e. the consolidation scope at the end of the financial year 2023, consisting of Growens, Agile Telecom and Beefree.
** Comparative figure as at 31/12/2022 reclassified in accordance with IFRS 5 for uniformity of comparison with the same value as at 31/12/2023, thus differing from the value represented in the 2022 consolidated annual financial statements where the same principle did not apply.

Revenues by product type

Description	31/12/2023*	31/12/2022**	Changes
Revenues SaaS	10,237,069	8,807,886	1,429,183
Revenues CPaaS	62,945,049	67,257,397	(4,312,348)
Other revenues	1,878,339	914,365	963,974
Total	**75,060,458**	**76,979,649**	**(1,919,191)**

The annual consolidated revenues recorded a decrease, compared to the same figure of the previous year, both adjusted IFRS 5, mainly attributable to Agile Telecom's CPaaS Revenues (minus Euro 4 million; minus 6.1%), attributable to the company's strategic choice to favour customers with higher margins, thus penalising volumes, however recording a marginality almost doubled compared to the comparison period.

COGS (Cost of goods sold) (18)

31/12/2023*	31/12/2022**	Changes
60,244,752	64,490,272	(4,245,520)

The breakdown is as follows:

Description	31/12/2023	31/12/2022	Changes
Purchases Cogs	56,595,188	62,124,663	(5,529,474)
Services Cogs	3,353,934	4,826,850	(1,472,916)
Cost of rents and leases Cogs	4,649	51,110	(46,462)
Payroll cost Cogs	1,897,265	5,518,152	(3,620,887)
Sundry operating expenses Cogs	70,438	16,898	53,540
Discontinued Operations	**(1,676,722)**	**(8,047,401)**	**6,370,679**
Total	**60,244,752**	**64,490,272**	**(4,245,520)**

COGS costs recorded a very significant decrease (minus Euro 4 million; minus 6.2%) by virtue of what has already been reported in terms of revenues as a result of Agile Telecom's commercial strategy, which allowed for a significant containment of COGS purchase costs and a consequent recovery of Gross Margin with respect to the comparison period.

Sales & Marketing costs (19)

31/12/2023*	31/12/2022**	Changes
4,414,462	2,825,215	1,589,246

The breakdown is as follows:

Description	31/12/2023	31/12/2022	Changes
Purchases S&M	32,939	9,199	23,740
Services S&M	1,739,835	2,893,032	(1,153,198)
Cost of rents and leases S&M	31,843	19,224	12,620
Payroll cost S&M	5,037,102	7,064,633	(2,027,531)
Discontinued Operations	**(2,427,257)**	**(7,160,872)**	**4,733,615**
Total	**4,414,462**	**2,825,215**	**1,589,246**

This includes the costs of departments that deal with commercial and marketing activities on behalf of Group companies. The increase was mainly attributable to higher costs of the Beefree BU, which considerably strengthened its sales structure and in view of its growth plan for the next three years, and to a residual extent also to higher costs of Agile Telecom.

Research & Development costs (20)

31/12/2023*	31/12/2022**	Changes
1,941,566	2,126,679	(185,114)

The breakdown is as follows:

Description	31/12/2023	31/12/2022	Changes
Purchases R&D	8,564	5,777	2,787
Services R&D	718,719	470,703	248,016
Cost of rents and leases R&D	5,303	9,310	(4,007)
R&D costs	6,051,291	7,871,185	(1,819,894)
Capitalised payroll cost	(3561970)	(3,849,829)	287,859
Discontinued Operations	**(1,280,341)**	**(2,380,467)**	**1,100,126**
Total	**1,941,566**	**2,126,679**	**(185,114)**

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 capitalised payroll costs is recorded separately, then showing the resulting net cost in the Income Statement scheme adopted. The capitalisation is carried out in relation to the future usefulness of the software development projects in particular of the Beefree editor, and the Agile Telecom SMS sending infrastructure. The research and development activity for the year subject of analysis is described in detail in the specific section of the Report on Operations. The increase in Beefree's costs was more than offset by the increased use of developments by in-house staff, including Agile Telecom, compared to external consultants.

General costs (21)

31/12/2023*	31/12/2022**	Changes
9,018,389	6,107,619	2,910,770

The breakdown is as follows:

Description	31/12/2023	31/12/2022	Changes
General purchases	60,408	214,816	(154,408)
General services	8,147,114	6,915,984	1,231,130
Cost of rents and leases – General	322,186	372,505	(50,317)
Payroll cost – General	3,564,116	4,428,268	(864,152)
Sundry operating expenses – General	232,539	298,302	(65,763)
Discontinued Operations	**(3,307,973)**	**(6,122,256)**	**2,814,286**
Total	**9,018,389**	**6,107,619**	**2,910,770**

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. The increase is partly attributable to the higher costs incurred by Growens, also due to the strengthening of the Holding teams, to provide services in support of the Beefree and Agile BUs, which then found expression in corresponding higher Intercompany billing, the same trend noted for the transitional services provided in favour of the former subsidiaries subject to divestiture under specific contractual agreements to facilitate their transition to the acquiring parties, which are also subject to specific re-billing. Other one-off costs recognised refer to the voluntary partial takeover bid in the amount of Euro 660 thousand and to the allocation of bonuses to management for the extremely favourable outcome of extraordinary transactions completed in the year under review.

Amortisation, depreciation and impairment (22)

31/12/2023*	31/12/2022**	Changes
3,129,362	2,784,471	344,892

Description	31/12/2023	31/12/2022	Changes
General amortization, depreciation and provisions	113,437	451,347	(337,910)
Amortisation Right of Use	616,856	999,342	(382,486)
Amortization R&D	3,271,861	3,952,461	(680,600)
Impairment and provisions	53,700	1,542,000	(1,488,300)
Discontinued Operations	(926,493)	(4,160,679)	3,234,186
Total	**3,129,362**	**2,784,471**	**344,892**

Right of Use amortisation was calculated for the first time in 2019 following the application of IFRS 16. In 2023, the most significant depreciation and amortisation refer to research and development activities, which represent the main strategic investment for the Group companies, in particular for the Beefree Editor.

Financial operations

31/12/2023*	31/12/2022**	Changes
1,025,461	(253,445)	1,278,906

Description	31/12/2023	31/12/2022	Changes
Financial income	75,693,093	13,112	76,679,981
Financial expense	(11,569,761)	(297,212)	(11,272,549)
Exchange gains	43,069	261,209	(218,140)
Exchange losses	(54,870)	(249,902)	195,032
Discontinued Operations	**(63,086,071)**	**19,350**	**((63,105,421)**
Total	**1,025,461**	**(253,445)**	**1,278,906**

Financial income includes the capital gain from the sale of the ESP business unit to TeamSystem in the amount of over Euro 69 million, interest income on bank accounts, deposit accounts and coupons on government securities and bonds in the amount of about Euro 800 thousand, the result of the profitable management of liquidity not immediately allocated to investment in the Group's business, and capital gains from the fair value adjustment of securities subscribed in application of IFRS 9 in the amount of about Euro 80 thousand. Financial expenses include the capital loss of Euro 9 million from the sale of the controlling interest in Datatrics BV to the Dutch Spotler group, including the waiver of receivables held by Growens for about Euro 7 million, the capital loss related to the sale of the ESP business unit relating to the lump-sum payment and advance payment of earn-outs to the selling party of Contactlab for Euro 2.2 million, preparatory to the closing of the deal with TeamSystem, and interest expense on loans and commercial overdraft facilities for about Euro 100 thousand.

FY income tax (23)

31/12/2023*	31/12/2022**	Changes
(362,726)	563,565	(926,291)

Description	31/12/2023*	31/12/2022	Changes
Current tax	(375,664)	(184,723)	(190,941)
Deferred tax	22,047	741,036	(718,989)
Discontinued Operations	**(9,109)**	**7,252**	**(16,361)**
Total	**(362,726)**	**563,565**	**(926,291)**

The taxes for the period have been allocated on the basis of the application of the 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 (24)

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 2023.
Below are the result for the year and information on the shares used to calculate basic earnings per share.

Description	31/12/2023*
Net earnings (loss) attributable to shareholders	(3,025,337)
Opening number of ordinary shares	15,393,343
Opening portfolio treasury shares	61,833
Closing number of ordinary shares	15,393,343
Closing portfolio treasury shares	2,709,641
Weighted number of shares in issue	14,007,606
Basic earnings (loss) per share	(0.2160)

Diluted earnings per share are calculated as follows:

Description	31/12/2023*
Net earnings (loss) attributable to shareholders	(3,025,337)
Opening number of ordinary shares	15,393,343
Opening portfolio treasury shares	61,833
Opening shares potentially assignable	933,607
Closing number of ordinary shares	15,393,343
Closing portfolio treasury shares	2,709,641
Closing shares potentially assignable	0
Weighted number of shares in issue	14,474,410
Basic earnings (loss) per share	(0.2090)

* Figures presented in accordance with IFRS 5 and referring to continuing operations, i.e. the consolidation scope at the end of the financial year 2023, consisting of Growens, Agile Telecom and Beefree.

Result from discontinued operations (25)

The profit after tax on the sale of discontinued operations was determined as follows:

Result from discontinued operations	31/12/2023	31/12/2022
Total revenues	17,247,056	26,378,764
COGS costs	(5,768,405)	(8,047,403)
S&M costs	(3,976,893)	(7,160,872)
R&D costs	(2,222,789)	(2,380,467)
General costs	(5,593,809)	(6,122,256)
General amortization, depreciation and provisions	(152,271)	(402,519)
Amortization Right of Use	(271,190)	(588,396)
Amortization R&D	(1,022,226)	(1,627,764)
Impairment and provisions		(1,542,000)
Financial operations	62,941,690	(19,350)
Deferred income tax assets (liabilities)	(24,093)	(7,252)
Net result from Discontinued Operations	**61,157,070**	**(1,519,515)**

Workforce

As at 31 December 2023, the Group had 147 employees, of whom 4 managers, 12 middle managers, 131 white-collar workers. The number of employees in terms of ULA (Annual Work Units) amounted to 134.88 at Group level.

Level of classification	Total number	%	Italy	United States of America
White-collar workers	131	89.1%	99	32
Middle managers	12	8.1%	12	
Managers	4	2.8%	4	
Total	**147**	**100.0%**	**115**	**32**

The following table shows the number of employees of the divested companies

Level of classification	Total number	%	Italy	United States of America	Spain	Denmark	The Netherlands
White-collar workers	238	90.4%	212		13	1	12
Middle managers	20	7.6%	20				
Managers	5	1.9%	5				
Total	**263**	**100.0%**	**237**	**0**	**13**	**1**	**12**

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 information on the case, including the table that presents the details of the changes that occurred, please refer to the specific paragraph of the Report on Operations part of these annual financial statements.

Fees to Directors and Auditors

The fees to Directors, including the related contribution, the allocation of the variable Group bonus called Shared Bonus and the bonus paid following the positive conclusion of the extraordinary operations of the period in question, were equal to Euro 2,287,529 while the fees to the Boards of Statutory Auditors, where present, were equal to Euro 50,640.

Fee to the independent auditing firm

Please note that - in accordance with letter 16-bis of article 2427 of the Civil Code - the total amount of fees due to the independent auditing firm included in 2023 at consolidated level totalled Euro 40,000.

Disclosure regarding coordination and management activities

In accordance with article 2497-bis of the 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 Report on Operations, which is an integral part of this Report for further information on the case.

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, 19 March 2024
The Chairman of the Board of Directors
Matteo Monfredini