8. Growens S.p.A. Annual Financial statements as at 31/12/2023

GROWENS BALANCE SHEET AS AT 31/12/2023

amounts in Euro	Notes	31/12/2023	31/12/2022	Change	Cha. %
Tangible assets		203,852	1,056,373	(852,521)	(80.7%)
Right of Use	1	1,076,772	1,966,180	(889,409)	(45.2%)
Intangible assets	2	784,930	3,597,100	(2,812,170)	(78.2%)
Equity investments in subsidiaries	3	10,136,349	20,940,524	(10,804,175)	(51.6%)
Equity investments in associates and joint ventures	3	350,674	239,005	111,669	46.7%
Other non-current assets	4	5,983,797	3,627,644	2,356,153	64.9%
Deferred tax assets	5	373,233	341,932	31,301	9.2%
Total non-current assets		**18,909,607**	**31,768,759**	**(12,859,152)**	**(40.5%)**
Trade and other receivables	6	536,352	2,799,852	(2,263,499)	(80.8%)
Receivables from subsidiaries	7	7,146,841	7,389,892	(243,052)	(3.3%)
Other current assets	8	8,672,180	1,444,331	7,227,849	500.4%
Cash and cash equivalents	9	35,635,339	1,591,258	34,044,081	2,139.4 %
Total current assets		**51,990,712**	**13,225,334**	**38,765,378**	**293.1%**
Total Assets		**70,900,319**	**44,994,092**	**25,906,227**	**57.6%**
Share capital	10	384,834	384,834	0	0.0%
Reserves	10	2,659,984	21,330,672	(18,670,688)	(87.5%)
Period result		56,069,522	(597,150)	56,666,672	9,489.5%
Total shareholders' equity		**59,114,339**	**21,118,356**	**37,995,984**	**179.9%**
Amounts due to banks and other lenders	11	2,074,235	3,439,026	(1,364,792)	(39.7%)
Long-term Right of Use liability	12	786,526	1,317,132	(530,606)	(40.3%)
Provisions for risks and charges	13	93,333	266,667	(173,333)	(65.0%)
Staff funds	14	789,517	1,896,117	(1,106,600)	(58.4%)
Total non-current liabilities		**3,743,610**	**6,918,941**	**(3,175,331)**	**(45.9%)**
Trade and other payables	15	2,758,308	1,831,402	926,906	50.6%
Amounts due to subsidiaries	16	546,381	2,724,141	(2,177,760)	(79.9%)
Amounts due to banks and other lenders	17	1,156,850	1,505,389	(348,539)	(23.2%)
Short-term Right of Use liability	18	301,399	674,635	(373,237)	(55.3%)
Other current liabilities	19	3,279,432	10,221,228	(6,941,797)	(67.9%)
Total current liabilities		**8,042,369**	**16,956,795**	**(8,914,426)**	**(52.6%)**
Total Liabilities		**70,900,319**	**44,994,092**	**25,906,227**	**57.6%**

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

amounts in Euro	Notes	31/12/2023*	%	31/12/2022*	%	Change	Cha. %
Intercompany revenues	20	9,054,043	87.8%	6,865,810	89.4%	2,188,233	31.9%
Other revenues	20	1,255,630	12.2%	812,040	10.6%	443,589	54.6%
Total revenues		**10,309,673**	**100.0%**	**7,677,851**	**100.0%**	**2,631,823**	**34.3%**
COGS costs	21	1,843,797	17.9%	1,322,495	17.2%	521,302	39.4%
Gross profit		**8,465,876**	**82.1%**	**6,355,356**	**82.8%**	**2,110,520**	**33.2%**
S&M costs	22	292,697	2.8%	194,588	2.5%	98,109	50.4%
R&D costs	**23**	**3,946,497**	**38.3%**	**3,299,987**	**43.0%**	**646,510**	**19.6%**
Capitalized R&D costs		0	0.0%	0	0.0%	0	0.0%
R&D costs		3,946,497	38.3%	3,299,987	43.0%	646,510	19.6%
General costs	24	6,603,530	64.1%	4,045,358	52.7%	2,558,172	63.2%
Total costs		**10,842,725**	**105.2%**	**7,539,933**	**98.2%**	**3,302,791**	**43.8%**
EBITDA		**(2,376,848)**	**(23.1%)**	**(1,184,577)**	**(15.4%)**	**(1,192,271)**	**(100.6%)**
General amortization, depreciation and provisions	25	70,357	0.7%	116,429	1.5%	(46,072)	(39.6%)
Amortisation Right of Use	25	338,200	3.3%	338,093	4.4%	107	0.0%
Amortization R&D	25	548,484	5.3%	756,463	9.9%	(207,979)	(27.5%)
Amortization, depreciation and provisions		**957,041**	**9.3%**	**1,210,985**	**15.8%**	**(253,945)**	**(21.0%)**
EBIT		**(3,333,889)**	**(32.3%)**	**(2,395,563)**	**(31.2%)**	**(938,326)**	**(39.2%)**
Financial operations	26	2,588,705	25.1%	1,170,730	15.2%	1,417,975	121.1%
EBT		**(745,184)**	**(7.2%)**	**(1,224,833)**	**(16.0%)**	**479,649**	**39.2%**
Income tax	27	0	0.0%	(22,472)	(0.3%)	22,472	(100.0%)
Deferred tax assets (liabilities)	27	9,109	0.1%	80,175	1.0%	(71,066)	(88.6%)
Net result from Continuing Operations		**(736,075)**	**(7.1%)**	**(1,167,129)**	**(15.2%)**	**431,055**	**36.9%**
Net result from Discontinued Operations	**28**	**56,805,598**	**551.0%**	**569,979**	**7.4%**	**56,235,619**	**9,866.3%**
Period profit/(loss)		**56,069,522**	**543.9%**	**(597,150)**	**(7.8%)**	**56,666,673**	**9,489.5%**
Group profit (loss)		56,069,522	276.4%	(597,150)	2.1%	56,666,672	9.4%
Minority interest profit (loss)							
Actuarial profit/(loss) net of the tax effect		(70,276)	(0.3%)	196,993	0.7%	(267,269)	
Profit/(loss) deriving from the conversion of the financial statements of consolidated companies carried in currencies other than the Euro							
Comprehensive year profit/(loss)		**55,999,247**	**276.1%**	**(400,156)**	**(1.4%)**	**56,399,403**	**14,094.3%**
Result:							
Per share	29	(0.0525)		(0.0774)**			
Diluted result	29	(0.0509)		(0.0751)**			

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

GROWENS CASH FLOW STATEMENT

amounts in Euro	31/12/2023	31/12/2022
Profit (loss) for the period	56,069,522	(597,150)
Income tax	78,342	173,416
Deferred tax assets/liabilities	(9,109)	(165,173)
Financial assets	(58,813,695)	83,482
Exchange (gains)/losses	35,024	(172,947)
(Dividends)		
1 Profit (loss) of the period before income tax, interest, dividends and gains/losses from disposals	**(4,887,187)**	**(2,264,654)**
Value adjustments for non-monetary items that have no equivalent item in net working capital:		
Provisions for TFR	492,644	572,624
Other provisions	107,914	113,934
Amortisation and depreciation of fixed assets	1,818,527	2,552,645
Provisions and impairment		1,542,000
Other adjustments for non-monetary items	(1,116,807)	461,520
2 Cash flow before changes in NWC	**(3,5874,909)**	**2,978,069**
Changes in net working capital		
Decrease/(increase) in trade receivables	2,645,482	(3,308,729)
Increase/(decrease) in trade payables	(1,250,854)	1,214,384
Decrease/(increase) in accrued income and prepaid expenses	(282,508)	331,247
Increase/(decrease) in accrued liabilities and deferred income	(7186175)	(464,056)
Decrease/(increase) in tax receivables	(463884)	(637,185)
Increase/(decrease) in tax payables	(1,887,256)	(271,233)
Decrease/(increase) in other receivables	124,958	150,366
Increase/(decrease) in other payables	81,479	21,066
Other changes in net working capital		
3 Cash flow after changes in NWC	**(11,803,666)**	**13,928**
Other adjustments		
Interest collected/(paid)	70,350	(45,839)
(Income tax paid)		(32,991)
(Capital gains)/capital losses deriving from the disposal of assets		
Dividends collected	2,247,271	1,459,162
(Use of provisions)	(90,796)	(264,806)
4 Cash flow after other adjustments	**(9,576,842)**	**1,129,454**
A Cash flow from operations	**(9,576,842)**	**1,129,454**
Tangible fixed assets	664,143	(37,327)
(Investments)	664,143	(37,327)

Divestment realisation price		
Intangible fixed assets	1,725,473	(1,400,718)
(Investments)	1,725,473	(1,400,718)
Divestment realisation price		
Financial fixed assets	12,982,953	(806,293)
(Investments)/Divestment	12,982,953	(806,293)
Divestment realisation price	(4,646,000)	
Short-term 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	**68,786,964**	**(2,194,416)**
Minority interest funds	(2,271,217)	(605,526)
Increase (decrease) in short-term payables to banks	(143,506)	88,994
Stipulation of loans	379,200	1,342,674
Repayment of loans	(2,506,911)	(2,037,194)
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	**(25,166,041)**	**(1,029,145)**
Increase (decrease) in cash and cash equivalents (A ± B ± C)	**34,044,081**	**(5,894,030)**
Initial cash and cash equivalents	1,591,258	7,485,288
Cash	15,635,279	
Cash equivalents	20,000,060	
Final cash and cash equivalents	35,635,339	1,591,258
Change in cash and cash equivalents	**34,044,081**	**(5,894,030)**

SEPARATE STATEMENT OF CHANGES IN EQUITY

Figures in Euro	31/12/22	Allocation of result	Capital increase	Share premium reserve variation	Purchase of treasury shares	Use our share	Comprehensive IS result	Transfer Stock option plan	FY result	31/12/23
Share capital	384,834									384,834
Share premium reserve	13,743,349									13,743,349
Legal reserve	80,000									80,000
Extraordinary reserve	8,543,943									8,543,943
Reserve for treasury stock	(277,674)				(18,003,263)					(18,280,937)
Reserve for exchange rate gains	74,625									74,625
Profit/(loss) carried forward	(212,668)	(597,150)								(809,817)
Stock option reserve	-									-
OCI reserve and translation	(140,520)						(70,275)			(210,795)
FTA reserve	(613,449)									(613,449)
Merger surplus reserve	133,068									133,068
FY result	(597,150)	597,150							56,069,522	56,069,522
Shareholders' equity	**21,118,356**	**-**	**-**	**-**	**(18,003,263)**	**-**	**(70,275)**	**-**	**56,069,522**	**59,114,339**

Figures in Euro	31/12/21	Allocation of result	Capital increase	Share premium reserve variation	Purchase of treasury shares	Use our share	Comprehensive IS result	Transfer Stock option plan	Changes due to acquisitions	FY result	31/12/22
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 and translation	(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**

9. Notes to the Annual Financial Statements as at 31/12/2023

General information

Business

Growens S.p.A. (hereinafter referred to as "Growens" or "Company") is a well-established company in the Cloud Marketing Technologies or MarTech sector, and operates as a parent company and holding company, providing staff services to its subsidiaries and dealing with strategic policy-making and M&A (merger and acquisition) activities. 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 31/12/2023 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 right to voluntarily adopt the international financial reporting standards (hereinafter also referred to as the "IFRSs"), 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 IFRSs, as defined by IFRS 1 "First time adoption of IFRSs" was 01/01/2015, and these 2023 financial statements present a comparative year (FY 2022). 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, 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 31/12/2023, it adopted accounting standards precisely under these terms. The financial statements for the year ended on 31/12/2023 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 31/12/2025.

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 realised/extinguished or expected to be sold or used in the normal operative cycle;
- it is mainly held for trading;
- it is expected to be realised/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. 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. 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 Amortisation), an economic value not defined in the IAS/IFRS accounting standards, equal to the operating result net of tangible and intangible depreciation and amortisation;

c) Other comprehensive income highlights all changes to Other comprehensive profits/(losses) occurring during the year, 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 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 assets are recorded, with the consent of the Board of Statutory Auditors, initially at the historical cost of acquisition or internal production and shown net of amortisation carried out during the financial years and attributed 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

Amortisation 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, third-party software and trademarks are amortised according to their assumed possible use, so as to ensure that the net value at period end corresponds to their residual possible use. Amortisation starts when an asset becomes available for use and the corresponding development project completed. Research and Development activities, recorded with the consent of the Board of Statutory Auditors, include capitalised costs incurred for the implementation of strategic tools for Company and Growens Group management of proven future usefulness and with the following characteristics:

- 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;
- the way in which 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 31/12/2023 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.

The financial assets purchased by Growens during the financial year 2023 for "trading" purposes, intended to maximise the return on cash temporarily not allocated to business investments, were measured at fair value with the effects recognised in the Income Statement (FVTPL - Fair Value Through Profit and 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 amortised 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.

Deferred tax assets

Deferred 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 cash equivalents

Cash and cash equivalents 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 2023 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 31/12/2023, 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 amortised cost criterion and the effective interest rate method. The amortised 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 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 (gross annual remuneration). 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 2024. The portion actually accrued was allocated in 2023 on an accruals basis between personnel costs and Directors' fees depending on the recipient.

Provisions for risks and charges

Provisions for risks and charges include accruals deriving from current obligations (legal or constructive) deriving from a past event, for the fulfilment of which an outflow of resources will be necessary and whose amount 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.

Tax

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

Profit/(loss) per share

Basic

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

Diluted

Diluted profit/(loss) per share is calculated as a ratio of the economic result for the weighted average of ordinary shares in issue during the year, excluding any treasury shares. In order to calculate the diluted earnings per share, the weighted average of shares in issue is altered, assuming the conversion of all potential shares with a diluting effect, whilst the economic result is adjusted to consider the effects, net of tax, of the conversion.

Impairment of intangible assets

The Company verifies the net book value of tangible and intangible assets, so as to determine if there is any indication that these assets may have suffered a loss in value. If there is any such evidence, the value that can be recovered on the assets is estimated. The recoverable value of a tangible or intangible asset is defined as the greater of its fair value less the costs of sale and value in use, calculated as the current value of future cash flow that is expected to stem from an asset or cash generating unit (CGU). The cash flow forecast is based on corporate plans and reasonable, documented assumptions regarding the future results of the company and macroeconomic conditions, also as regards the discounting rate used in the discounting process. When it is not possible to estimate the value that can be recovered on an individual asset, the Company estimates the value that can be recovered on the cash generating unit to which the asset pertains. With reference to Growens, a single CGU has been identified as coinciding with the legal entity, whose assets include tangible and intangible assets. Each time the recoverable value of an asset (or cash generating unit) is less than the book value, the latter is reduced to the recoverable value and the loss is carried on the Income Statement. Thereafter, if a loss previously noted 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, based on IAS/IFRS Accounting Standards, are consistent and substantially unchanged with those applied in the previous Annual Financial Statements as at 31/12/2022, with the exception of the following.

Amendments to accounting standards

For an update on the amendments to 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 31/12/2023.

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 FY 2023.

(Amounts in Euro)	Book value	Fair value	Fair value hierarchy
Other financial assets			
Other non-current financial assets	3,361,673	3,361,673	Level 3
Other non-current financial assets	2,622,124	2,622,124	Level 1
Other current financial assets	4,891,561	4,891,561	Level 1
Cash equivalents	20,000,060	20,000,060	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

Rights of Use (1)

31/12/2023	31/12/2022	Changes
1,076,772	1,966,180	(889,409)

Description	31/12/2023	31/12/2022	Changes
Office Right of Use IFRS 16	827,923	1,592,998	(765,075)
Car Right of Use IFRS 16	123,449	108,566	14,883
PC Right of Use IFRS 16	125,399	264,616	(139,217)
Total	**1,076,771**	**1,966,180**	**(889,409)**

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. 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 amortisation/depreciation and equal to Euro 827,923 for leased offices, Euro 123,449 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. The change takes into account both IFRS 5 reclassifications and increases due to new contracts.

Intangible assets (2)

31/12/2023	31/12/2022	Changes
784,930	3,597,100	(2,812,170)

Description	31/12/2023	31/12/2022	Changes
Software development	197,443	2,374,614	(2,177,171)
Third-party software	569,968	1,170,814	(600,846)
Trademarks	5,121	15,976	(10,855)
Other	12,398	35,695	(23,297)
Total	**784,930**	**3,597,100**	**(2,812,170)**

Intangible assets are recorded in the financial statements with the consent of the Board of Statutory Auditors. The item “Software development” includes the capitalisation of the implementation of strategic software tools for the Company and the Group of proven future utility. 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 Growens 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 growth project that characterises the Group’s long-term strategy. 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.

Equity investments in subsidiaries (3)

31/12/2023	31/12/2022	Changes
10,136,349	20,940,524	(10,804,175)

Description	31/12/2022	Period increases	Period decreases	31/12/2023
BEE Content Design, Inc.	728,752	607,597	-	1,336,349
Acumbamail SL	1,092,658	-	1,092,658	-
MailUp Nordics / Globase	640,582	-	640,582	-
Agile Telecom S.p.A.	8,800,000	-	-	8,800,000
Datatrics B.V.	4,260,698	-	4,260,698	-
MailUp S.p.A.	5,417,834	-	5,417,834	-
Total	**20,940,524**	**607,597**	**11,411,772**	**10,136,349**

The period decreases relate to the extraordinary sale transactions concluded in the year 2023, which are fully detailed in this Report on Operations which resulted in a capital gain

from the sale to Teamsystem for Euro 69,346,537 and a capital loss from the sale of Datatrics BV for Euro 9.086.143, while the increase relates to Growens' partial repurchase of 87,500 shares from Bee Content Design shareholder and CEO Massimo Arrigoni.
The following information is supplied on the controlling equity investments held directly.

Company name	City or foreign country	Share capital Euro	Shareholders' equity Euro	Net profit/(loss)	% held	Book value
BEE CONTENT DESIGN INC	UNITED STATES	43,295	(3,800,811)	(2,636,955)	96.9	1,336,349
AGILE TELECOM S.p.A.	CARPI (MO)	500,000	3,540,479	1,889,808	100	8,800,000
Total						**10,136,349**

With regard to Bee Content Design, it is specified that, according to the most recent strategic guidelines, a three-year business plan has been drawn up that provides for the recovery of the currently negative equity by 2026. On the basis of this three-year plan, the related impairment test for the US subsidiary was largely successful, which can be verified in the specific paragraph of the consolidated explanatory notes. 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.

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 2023, the need to carry out the aforementioned test did not emerge.

Equity investments in associates (3)

31/12/2023	31/12/2022	Changes
350,674	239,005	111,669

Company name	City or foreign country	Share capital	Shareholders' equity	Profit/(loss) 2023	% held	Book value
CRIT - Cremona Information Technology	CREMONA (CR)	548,400	378,473	(169,209)	33.29	182,550
Other investments						168,124

The change of Other investments is due to the following payments by way of capital subscription: for a total of Euro 103,932 to Prana Ventures SICAF Euveca, while for Euro 64,192 to Eureka Venture SGR S.p.A. on account of Aff Blacksheep Euveca Fund in relation to more efficient liquidity management operations. It is specified that the subscriptions paid are medium-long term and minority.

Other non-current assets (4)

31/12/2023	31/12/2022	Changes
5,983,797	3,627,644	2,356,153

Description	31/12/2022	Changes	31/12/2023
Receivables from subsidiaries (Beyond 12 months)	2,360,447	(2,360,447)	-
Receivables from associated companies (Beyond 12 months)	-	70,000	70,000
Receivables from others	6,407	-	6,407
Tax receivables Beyond	1,270	-	1,270
Pledged amounts BPER	1,259,520	-	1,259,520
Escrow on sale of ESP BU	-	4,646,600	4,646,600
Total	**3,627,644**	**2,356,153**	**5,983,797**

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. The receivable from subsidiaries related to the interest-bearing loan in favour of Datatrics BV, which was closed with the transfer on 20 October in favour of the Spotler group. 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.

Deferred tax assets (5)

31/12/2023	31/12/2022	Changes
373,233	341,932	31,301

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

Current assets

Trade and other receivables (6)

31/12/2023	31/12/2022	Changes
536,352	2,799,852	(2,263,499)

This amount relates to trade receivables from customers not transferred to MailUp S.p.A. for the portion remaining at year-end, and also includes receivables for invoices to be issued in the amount of Euro 128,405. 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 31/12/2023
Balance as at 31/12/2022	13,921
Period use	-
Period provision	14,581
Balance as at 31/12/2023	**28,502**

Key accounts

In accordance with the provisions of IFRS 8, please note that for the years ended on 31/12/2023 and 31/12/2022, there are no customers generating revenues that exceed 10% of total revenues.

Receivables from subsidiaries and associates (7)

Description	Balance as at 31/12/2023	Balance as at 31/12/2022	Changes
From subsidiaries	7,146,841	7,389,892	(243,052)

Receivables from subsidiaries refer to holding services provided to subsidiaries and derive from normal commercial relationships established during the 2023 financial year. Below is the breakdown of receivables by geographic area:

Receivables by geographic area	From customers	From subsidiaries	Total
Customers – Italy	520,014	168,168	688,182
Customers – EU	3,970	-	3,970
Non-EU receivables	12,368	6,978,673	6,991,041
Total	**536,352**	**7,146,841**	**7,683,193**

Other current assets (8)

31/12/2023	31/12/2022	Changes
8,672,180	1,444,331	7,227,849

Description	31/12/2023	31/12/2022	Changes
Inventories	21,232	15,714	5,518
Tax receivables	2,294,437	115,699	2,178,738
Other receivables	32,546	163,023	(130,477)
Accrued income and prepaid expenses	1,432,404	1,149,896	282,508
Other current financial assets	4,891,561	-	4,891,561
Total	**8,672,180**	**1,444,331**	**7,227,849**

Other current financial assets consist of the fair value of low-risk securities, mainly government bonds and bonds, acquired for the profitable management of liquidity temporarily not allocated to specific business investments, rated under IFRS 9. The increase in Accrued income and prepaid expenses arises from the recognition of accrued interest on bond coupons and bank deposit accounts pertaining to the year that will be collected in the next year.

Tax receivables as at 31/12/2023 are as follows:

Description	Amount
Group VAT credit	2,116,744
Hiring tax credit	2,436

R&D tax credit (Law no. 190/2014)	29,822
Receivables from Tax Authorities for withholding taxes	65,122
110% Superbonus credits	80,313
Total	**2,294,437**

Cash and cash equivalents (9)

Description	31/12/2023	31/12/2022	Changes
Cash and cash equivalents	35,635,339	1,591,258	34,044,081

Description	Balance as at 31/12/2023	Balance as at 31/12/2022
Bank accounts receivable	15,634,891	1,590,890
Cash	388	368
Bank deposit accounts	20,000,060	-
Total	**35,635,339**	**1,591,258**

The balance represents cash and cash equivalents as well as valuables held as at 31/12/2023. The increase is attributable to the collection of the consideration for the sale of the ESP BU from TeamSystem, already mentioned in this Report. For an in-depth analysis of the financial dynamics affecting Cash and cash equivalents, please refer to the paragraph on Net Financial Position in the Report on Operations to these financial statements, and the Cash Flow Statement as at 31/12/2023.

Liabilities and Shareholders' Equity

Shareholders' equity

Share capital and reserves (10)

The table below shows the change in 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
2,659,984	21,330,672	(18,670,688)

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	8,543,943			8,543,943
Reserve for exchange adjustments	74,625			74,625
FTA reserve	(613,449)			(613,449)
OCI reserve and translation	(140520)	(70,276)		(210,796)
Reserve for portfolio treasury shares	(277,674)	(18,003,263)		(18,280,937)
Merger surplus reserve	133,068			133,068
Profits/losses carried forward IAS	(212,668)			(212,668)
Profits/losses carried forward		(597,150)		(597,150)
Total	**21,330,672**	**(18,670,689)**		**2,659,984**

The main change in reserves is determined by the change in the Negative reserve for portfolio treasury shares following the partial voluntary tender offer realised in December 2023, which increased this value by Euro 18 million. The OCI reserve, on the other hand, is changed in application of IAS 19 and reflects exchange rate differences arising from the translation of the values of foreign subsidiaries into the consolidation currency, while the Negative reserve for portfolio treasury shares is changed due to purchases of treasury shares made in 2023. New Gains/ Losses refer to losses for the year 2022

Period result

The net result for the year was positive and showed a profit of Euro 56,069,522 compared to a net loss of Euro 597,150 as at 31/12/2022. For an in-depth analysis of the consolidated results, please refer to the specific section of the Report on Operations to the separate and consolidated financial statements as at 31/12/2023, an integral part of these financial statements. The shareholders' equity items are broken down as follows according to their origin, possible use, distributable nature and use made in last the three years.

Nature / Description	Amount	Possible use (*)	Available portion
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	(210,795)		
Negative reserve for portfolio treasury shares	(18,280,937)		
Merger surplus reserve	133,068	B	133,068
Losses carried forward IAS	(212,668)		
Profits and losses carried forward	(597,149)		
Total	**2,659,984**		**2,508,392**
Restricted portion			
Residual distributable portion			**2,508,392**

(*) 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 Civil Code, and corresponds to the remaining amount not yet amortized of research, development and advertising costs as at 31/12/2021.

Non-current liabilities

Amounts due to banks and other lenders - non-current portion (11)

31/12/2023	31/12/2022	Changes
2,074,235	3,439,026	(1,364,792)

Amounts due to banks relate to the residual medium/long-term portion of unsecured loans taken out.

Long-term Right of Use liability (12)

Description	31/12/2023	31/12/2022	Changes

Financial liability RoU offices MLT IFRS16	647,989	1,094,313	(446,324)
Financial liability RoU car MLT IFRS16	63,369	42,434	20,935
Financial liability RoU PC MLT IFRS16	75,166	180,384	(105,218)
Total	**786,524**	**1,317,132**	**(530,606)**

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 negative change is attributable to the leasing/hire and rental contracts of the companies included in the scope of the sale.

Provisions for risks and charges (13)

31/12/2023	31/12/2022	Changes
93,333	266,667	(173,333)

Description	31/12/2022	Increases	Decreases	31/12/2023
Provision for pension and similar commitments (TFM)	266,667		173,334-	93,333

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

Staff funds (14)

31/12/2023	31/12/2022	Changes
789,517	1,896,117	(1,106,600)

The change is as follows:

Description	31/12/2022	Increases	Decreases	Actuarial Gains/Losses	31/12/2023
Staff provisions (TFR)	1,896,117	314,319	1,512,370	91,450	789,517

The decrease refers to the transfer, dated 30 June 2023, of the Mailup branch of Growens to the mailup subsidiary S.p.A. formerly Contactlab S.p.A., subsequently sold on 13 July 2023 to Teamsystem and was determined by the transfer of more than 100 people previously in force in Growens and merged into the same mailup.

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 (15)

Description	31/12/2023	31/12/2022	Changes
Trade payables	2,758,308	1,831,402	926,906
Total	**2,758,308**	**1,831,402**	**926,906**

"Trade payables" are recorded net of trade discounts and are broken down by geographic area as follows:

- Italy trade payables for Euro 2,558,647;
- EU trade payables for Euro 109,802;
- non-EU trade payables for Euro 89,859.

Payables to subsidiaries and associates (16)

31/12/2023	31/12/2022	Changes

546,381	2,724,141	(2,177,760)

Description	31/12/2023	31/12/2022	Changes
Subsidiaries	546,381	2,724,141	(2,177,760)
Associates	-	-	-
Total	**546,381**	**2,724,141**	**(2,177,760)**

“Payables to subsidiaries” consist of VAT payables to Agile Telecom in connection with the Group VAT regime in place.

Amounts due to banks and other lenders - current portion (17)

31/12/2023	31/12/2022	Changes
1,156,850	1,505,389	(348,539)

Description	31/12/2023	31/12/2022	Changes
Amounts due to banks - short-term	71,334	214,840	(143,506)
Short-term portion of loans	1,085,516	1,290,549	(205,033)
Total	**1,156,850**	**1,505,389**	**(348,539)**

The item “Short-term portion of loans” is determined by the residual short-term portions of the unsecured loans taken out with Credito Emiliano, Banca BPER and Crédit Agricole. The remaining item relates to bank debt to electronic payment circuits for payments made by credit card.

Short-term Right of Use liability (18)

31/12/2023	31/12/2022	Changes
301,399	674,635	(373,237)

Description	31/12/2023	31/12/2022	Changes
Short-term office Right of Use liability	190,004	519,973	(329,969)
Short-term car Right of Use liability	61,561	68,080	(6,519)
Short-term PC Right of Use liability	49,833	86,582	(36,749)
Total	**301,399**	**674,635**	**(373,237)**

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. The negative change is attributable to the leasing/hire and rental contracts of the companies included in the scope of the sale.

Other current liabilities (19)

31/12/2023	31/12/2022	Changes
3,279,432	10,221,228	(6,941,797)

Below is the breakdown of Other current liabilities:

Description	31/12/2023
Tax payables	151,833
Payables to social security institutions	288,198
Amounts due to Directors for emoluments	45,386
Amounts due to employees for salaries, holidays, leave and additional months' salaries	747,702
Payables for shared Bonus	1,975,947
Accrued liabilities and deferred income	70,366
Total	**3,279,432**

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.

Income Statement

Revenues (20)

31/12/2023*	31/12/2022**	Changes
10,309,673	7,677,851	2,631,823

* 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
Intercompany revenues	9,054,043	6,865,810	2,188,233
Other revenues	1,255,630	812,040	443,589
Total	**10,309,673**	**7,677,851**	**2,631,823**

Overall revenues, reclassified IFRS 5, amounted to Euro 10.3 million (Euro 7.6 million as at 31/12/2022), recording an increase of Euro 2.6 million (+34.3%) compared to the corresponding figure in the previous financial year. They mainly consist of the re-invoicing of: staff services (administrative, legal, human resources management, top management, management control and IT technological services) provided by Growens to its subsidiaries; licenses, consultancy and other costs incurred by the parent company on behalf of the subsidiaries; support activities provided by teams of parent company resources dedicated to Beefree who carry out product development, R&D, marketing and customer experience functions. In the 2023 financial year, these services were further strengthened, through the organisational and skills growth of the following Holding departments. More advanced and timely criteria for allocating these centralised costs to subsidiaries have gradually been adopted.
Revenues from the MailUp platform, which was divested as part of the sale of the ESP business, until the contribution of 30 June 2023, are in fact part of discontinued operations for the purposes of IFRS 5 and are not reported in this section.
Other revenues mainly refer to: provision of video surveillance services, Growens' residual business, for more than Euro 150 thousand; contributions on calls for tender, mentioned in the specific section of the Annual Report to this annual report, for about Euro 175 thousand; to windfall profits of over Euro 270 thousand; to active rentals of about Euro 120 thousand, in addition to various residual proceeds. There are also revenues from services temporarily provided to the BU exited from the Group perimeter to facilitate the transition based on specific contractual agreements with buyers for over Euro 450 thousand

COGS (Cost of goods sold) (21)

31/12/2023*	31/12/2022**	Changes
1,843,797	1,322,495	521,302

The breakdown is as follows:

Description	31/12/2023	31/12/2022	Changes
Purchases Cogs	2,200,950	4,098,029	(1,897,079)
Services Cogs	2,463,973	3,147,546	(683,574)
Cost of rents and leases Cogs	2,333	7,013	(4,681)
Payroll cost Cogs	743,686	1,148,389	(404,703)
Sundry operating expenses Cogs	63,219	-	63,219

Discontinued Operations	**(3,630,363)**	**(7,078,483)**	**3,448,120**
Total	**1,843,797**	**1,322,495**	**521,302**

COGS costs recorded a very significant decrease (Euro -2.84 million; -9.1%) due to what has already been reported in terms of revenues as a result of Agile Telecom's commercial strategy, which allowed for a considerable containment of COGS purchase costs and a consequent recovery of Gross Margin compared to the comparison year.

Sales & Marketing costs (22)

31/12/2023*	31/12/2022**	Changes
292,697	194,588	98,109

The breakdown is as follows:

Description	31/12/2023	31/12/2022	Changes
Purchases S&M	2,923	5,937	(3,014)
Services S&M	787,257	1,257,280	(470,023)
Cost of rents and leases S&M	27,672	16,899	10,773
Payroll cost S&M	1,902,102	3,395,125	(1,493,023)
Discontinued Operations	**(2,427,257)**	**(4,480,654)**	**2,053,397**
Total	**292,697**	**194,588**	**98,109**

This includes the costs of departments that deal with commercial and marketing activities.

Research & Development costs (23)

31/12/2023*	31/12/2022**	Changes
3,946,497	3,299,987	646,510

The breakdown is as follows:

Description	31/12/2023	31/12/2022	Changes
Purchases R&D	261	3,507	(3,246)
Services R&D	586,739	691,809	(105,070)
Cost of rents and leases R&D	3,212	3,366	(154)
R&D costs	5,340,375	5,502,957	(162,582)
Capitalised payroll cost	(703750)	(978,787)	276,037
Discontinued Operations	**(1,280,341)**	**(1,921,865)**	**641,524**
Total	**3,946,497**	**3,299,987**	**646,510**

These costs relate to departments that deal with research and development. The research and development activity for the year under analysis relates to the Beefree editor and is carried out by the Growens team dedicated exclusively to the incremental improvement of this product.

General costs (24)

31/12/2023*	31/12/2022**	Changes
6,603,530	4,045,358	2,558,172

The breakdown is as follows:

Description	31/12/2023	31/12/2022	Changes
General purchases	35,877	87,158	(51,281)
General services	6,307,162	4,266,038	2,041,124
Cost of rents and leases – General	295,594	177,331	118,263
Payroll cost – General	3,140,490	2,832,622	307,868
Sundry operating expenses – General	132,380	83,609	48,771
Discontinued Operations	**(3,307,973)**	**(3,401,401)**	**93,428**
Total	**6,603,530**	**4,045,358**	**2,558,172**

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, also due to the strengthening of the Holding teams, to provide services in support of the Beefree and Agile Telecom 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 (25)

31/12/2023*	31/12/2022**	Changes
957,041	1,210,985	(253,945)

Description	31/12/2023*	31/12/2022**	Changes
General amortization, depreciation and	70,357	116,429	(46,072)

provisions			
Amortisation Right of Use	338,200	338,093	107
Amortization R&D	548,484	756,463	(207,979)
Total	**957,041**	**1,210,985**	**(253,945)**

Right of Use amortisation was calculated for the first time in 2019 following the application of IFRS 16. During the year, the most significant depreciation related to the development activities of the Company.

Financial operations (26)

31/12/2023*	31/12/2022**	Changes
2,588,705	1,170,730	1,417,975

Description	31/12/2023	31/12/2022	Changes
Dividends from subsidiaries	2,247,271	1,459,162	788,109
Financial income	70,290,576	56,435	70,234,141
Financial expense	(11,476,881)	(139,917)	(11,336,964)
Exchange gains	14,810	198,336	(183,526)
Exchange losses	(49,834)	(25,390)	(24,444)
Discontinued Operations	(58,437,237)	(377,897)	(58,059,340)
Total	**2,588,705**	**1,170,730**	**1,417,975**

FY income tax (27)

31/12/2023*	31/12/2022**	Changes
9,109	57,703	(48,594)

Description	31/12/2023*	31/12/2022**	Changes
Current tax	-	(22,472)	22,472
Deferred tax	9,109	80,175	(71,066)
Total	**9,109**	**57,703**	**(48,594)**

Tax	Balance as at 31/12/2023	Balance as at 31/12/2022	Changes
Current tax	**78,342**	**46,295**	**(32,047)**
IRES	78,342	46,295	(32,047)
IRAP			
Substitute tax			
Deferred tax liabilities (assets)	**9,109**	**(165,137)**	**(156,028)**

IRES	9,109	(166,456)	(156,028)
IRAP			
Total	**69,233**	**(118,878)**	**188,075**

The Company has set up year tax 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 tax liability resulting from the financial statements and the tax liability.

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

Description	Value	Tax
Pre-tax result	56,138,755	13,473,301
Theoretical tax liability (%)	24 %	
Temporary differences taxable in subsequent years:		
Temporary differences deductible in subsequent years	1,982,582	475,820
Reversal of temporary differences from previous years	(1,190,242)	(285,658)
Differences that will not be reversed in subsequent years	(55,595,559)	(13,342,694)
Aid for Economic Growth (ACE)	(1,010,109)	(242,426)
Taxable amount	**326,427**	**78,343**
Current income tax for the year		78,343
Deferred tax net of uses of tax accrued in previous years		
Net IRES for the year		-

Determination of the tax base for IRAP purposes

Description	Value	Tax
Difference between production value and costs before CDL and write-downs	6,034,419	235,342
Costs not relevant for IRAP purposes	2,736,001	106,704
Revenues not relevant for IRAP purposes		

Theoretical tax liability (%)		3.90%
Deductions for employed staff	(10,467,858)	(408,246)
Tax base for IRAP purposes		
Current IRAP for the year	**(1,697,439)**	

Result from discontinued operations (28)

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	9,968,706	19,910,902
COGS costs	(3,630,363)	(7,078,483))
S&M costs	(2,427,257)	(4,480,654)
R&D costs	(1,280,341)	(1,921,865)
General costs	(3,307,973)	(3,401,401)
General amortization, depreciation and provisions	(51,338)	(84,956)
Amortization Right of Use	(205,253)	(416,261)
Amortization R&D	(619,477)	(854,376)
Impairment and provisions		(1,542,000)
Financial operations	58,437,237	(377,897)
Deferred income tax assets (liabilities)	9,109	61,175
Net result from Discontinued Operations	**56,805,598**	**569,979**

Earnings per share (29)

Basic earnings per share are calculated by dividing the net period profit attributable to ordinary Company shareholders by the weighted average number of ordinary shares, excluding treasury shares, in issue during 2023. Below is the income and information on shares used to calculate the basic earnings per share.

Description	31/12/2023*
Net profit attributable to shareholders	(736,075)
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 per share	**(0.0525)**

Diluted earnings per share are calculated as follows:

Description	31/12/2023*
Net profit attributable to shareholders	(736,075)
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	
Weighted number of shares in issue	14,474,410
Basic earnings per share	**(0.0509)**

Workforce

As at 31/12/2023, Growens had 101 employees, of whom 4 managers, 10 middle managers, 87 white-collar workers. The number of total employees during the year, i.e. ULA (Annual Work Units), amounted to 88.72.

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 Statutory Auditors and Independent Auditing Firm

Qualification	31/12/2023	31/12/2022
Directors	1,309,579	860,656
Board of Statutory Auditors	28,800	25,954
Independent auditing firm	25,000	25,000

Directors' fees, including the relative contribution and the allocation of the Group's variable bonus known as the Shared Bonus, the latter subject to year-end checks on the amount and whether it should be paid, also included the allocation of the M&A bonus.

Requirements envisaged by article 25, paragraph 2, letter H of Decree-Law no. 179/2012 - Innovative SMEs

As of the date of approval of the financial statements as at 31 December 2020, Growens can no longer be identified as a 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 for tenders from public administrations

Information pursuant to article 1, paragraph 125 of Law no. 124 of 4 August 2017. It should be noted that in 2023, Growens received the following grants on calls for tenders from public administrations:

Date	Description	Amount
17/07/2023	Grant to the Sustainable Growth Fund – project F 140001/00/x39 Call ICT – Digital Agenda FRI DM 181017 SAL final	125,147.53
		125,147.53

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	17/07/2023
Description	Grant to Sustainable Growth Fund – project F 140001/00/x39 Call ICT – Digital Agenda FRI DM 181017 SAL final
Grant	125,147.53
Reported	5,215,389

Proposal for allocation of profits

It is proposed to the Ordinary Shareholders' Meeting to distribute an extraordinary dividend of Euro 1.58 per 12,683,702 entitled shares, excluding treasury shares in portfolio, for a total amount of Euro 20,040,249. The dividend will be paid in the following manner:

- First tranche - Euro 0.79 per share (coupon no. 1) deriving from the distribution of extraordinary profits - payment date 8 May 2024, ex-dividend date 6 May 2024 and payment record date 7 May 2024;
- Second tranche - Euro 0.79 per share (coupon no. 2) deriving from the distribution of extraordinary profits - payment date 4 September 2024, ex-dividend date 2 September 2024 and payment record date 3 September 2024.

It is proposed to allocate the remaining part of the year's profit of Euro 36,029,273 to reserves.

These financial statements, comprising the Balance Sheet, Income Statement, Statement of Changes in Equity, Cash Flow Statement 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, 19 March 2024
The Chairman of the Board of Directors
Matteo Monfredini