Consolidated Financial Statements and Separate Financial Statements as at 31 December 2023

Financial Statements prepared in accordance with IAS/IFRS accounting standards

- Figures in Euro -

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Corporate Bodies

Board of Directors

(In office until approval of the Financial Statements as at 31 December 2025)

Name and Surname	Office
Matteo Monfredini	Chairman of the BoD with proxies
Nazzareno Gorni	Deputy Chairman of the BoD with proxies
Micaela Cristina Capelli	Director with proxies
Paola De Martini	Independent Director without proxies
Ignazio Castiglioni	Independent Director without proxies

Board of Statutory Auditors

(In office until approval of the Financial Statements as at 31 December 2025)

Name and Surname	Office
Michele Manfredini	Chair of the Board of Statutory Auditors
Fabrizio Ferrari	Regular Auditor
Donata Paola Patrini	Regular Auditor
Andrea Bonelli	Alternate Auditor

Independent auditing firm

(In office until approval of the Financial Statements as at 31 December 2025)

BDO Italia S.p.A.

1. Growens Group

The Growens Group (hereinafter also referred to as "Growens Group" or "Group") is an operator active in two main business areas:
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 "Beefree" or "Bee Content Design"), which operates with over 1 million free users, around 9,400 customers and over 1,000 applications;
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.
At the consolidated level, the Group operated in over a hundred countries and had a workforce of around 150 employees at the close of the 2023 financial year. Within the Group, Growens S.p.A. (hereinafter also referred to as "Growens" or the "Company") 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.
On 13 July 2023, Growens finalised the sale of the Group-owned *Email Service Provider business unit* through the sale of its wholly-owned shareholdings in MailUp S.p.A. (formerly Contactlab S.p.A.), Acumbamail S.L., MailUp Nordics A/S and its subsidiary Globase International A.p.S. (collectively, the "Email Service Provider" businesses) to TeamSystem S.p.A. for a consideration of Euro 76.5 million. This line of business operated with over 9,500 direct customers via the SaaS MailUp platform, a multi-channel (e-mail, newsletter, SMS and messaging apps) cloud computing system for the professional management of digital marketing campaigns.
On 20 October 2023, the transaction for the sale of 100% of the share capital of the Dutch subsidiary Datatrics BV to Squeezely BV, a company of the Dutch group Spotler, a leading operator of marketing automation in the Netherlands and the United Kingdom, was also completed for a consideration of Euro 1.6 million.

Growens Group structure

Compared to the configuration at 31 December 2022, the Group underwent significant changes as a result of extraordinary transactions that were completed in 2023, namely:

- on 3 February 2023, Growens announced the signing of a binding agreement to sell the Growens business unit MailUp 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 The sale of the Email Service Provider activities involved the transfer of a workforce of about 260 people in Italy, Spain, and Denmark, including Luca Azzali and Alberto Miscia, who took on roles within the transferred activities, remaining shareholders of Growens. Additionally, a set of transitional service contracts was envisaged, which included, among other things, operational support activities necessary for the buyer and the businesses sold to finalize the transition period for the more strictly administrative activities, as well as the use of certain real estate facilities of the Company

- 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, the closing of the transaction agreed with TeamSystem was finalised, 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 76.7 million;
- on 2 August 2023, was the repurchase of a 1.67% stake (87,500 shares) in the share capital of Bee Content Design from Massimo Arrigoni for a total consideration of Euro 0.67 million, thus raising the Group's shareholding percentage from 95.24% to 96.9%;
- 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.

As a result of the above, the Group as at 31 December 2023, can be represented as follows:

Growens holds a 100% stake in Agile Telecom, while in its US subsidiary Bee Content Design it holds a controlling interest of 96.9%.

Bee Content Design Inc., with HQ in San Francisco, organised according to the dual company model, with a business team located in the United States, and a technological team located in Italy, is focused on the development and commercialisation of the innovative content editor Beefree. The Business Unit's products and brands were rebranded, with communication on 30 August 2023, with the renaming of BEEPro to **Beefree** and BEEPlugin to **Beefree SDK**. The evolution of the brand reflects two established key points in the company's recent history: growth beyond e-mail editing and its commitment to creating limitless content for all. Beefree is indeed active in the field of no-code tools for designing e-mails, landing pages, pop-ups and other digital content. Beefree has expanded its reach to include advanced artificial intelligence capabilities, collaboration tools and further integrations, also expanding its user base. Beefree tools for designing e-mail and other digital content are now used by more than 400,000 single users every month in over 150 countries, and have also been adopted by giants such as Amazon, Google and Disney. Directly on beefree.io, there are more than 40,000 monthly customers, including freemium customers, and Beefree's solutions have been integrated into more than 1,000 third-party applications, consolidating its presence in the digital landscape. At the same time, rebranding is also a crucial step for the Growens Group, which sees Beefree as the engine for future growth after the finalisation of the sale of the Email Service Provider business to TeamSystem and the sale of Datatrics BV to the Dutch player Spotler.

Agile Telecom S.p.A., with registered office in Carpi (MO), is an operator authorized by the Ministry of Economic Development and Communication to offer a public communication service (OLO - Other Licensed Operator) and is also registered with the Register of Operators in Communication (ROC) held by the Italian Authority for Telecommunications Guarantees (AGCOM). Agile Telecom is a leader in the Italian wholesale SMS market and manages the sending out of promotional and transactional A2P messages (One-Time Password, notifications and alerts).

2. Summary data

Significant events in the year ended as at 31 December 2023

In 2023, the activities of the Group were characterised by the events indicated below.

On 3 February 2023, Growens announced the signing of a binding agreement to sell the Growens business unit MailUp and its shareholdings in Contactlab S.p.A., Acumbamail S.L., MailUp Nordics A/S and its subsidiary Globase International A.p.S. (collectively, the "Email Service Provider" businesses) to TeamSystem S.p.A. for a total consideration of Euro 70 million on a cash/debt free basis. The transfer of the Email Service Provider businesses results in the transfer of approximately 260 employees in Italy, Spain and Denmark, including Luca Azzali and Alberto Miscia, who will take over tasks within the transferred activities, while remaining shareholders of Growens. Also envisaged is a set of transitional service agreements covering, among other things, operational support activities necessary for the purchaser and the divested businesses to complete the transition period of the more purely administrative activities, as well as the use of certain of the Company's real estate facilities. Finally, the actual transfer of the activities of Email Service Provider against payment of the price is subject to certain conditions precedent, including (i) obtaining clearance under the so-called "Golden Power" regulations in force, (ii) the granting of clearance by the Antitrust Authorities, (iii) the favourable vote of the ordinary and extraordinary shareholders' meeting of the Company, and (iv) the effectiveness of the transfer of the business unit MailUp (including the investment in MailUp Nordics/Globase) to Contactlab S.p.A. The signing of the transaction also entails the release of the lock-up commitments for the sellers of Contactlab and the settlement towards them of a total amount of Euro 2.2 million in cash, replacing the original agreements.

On 9 March 2023, the Ordinary and Extraordinary meeting of the Company resolved on the three items on the agenda. In particular, in ordinary session, the Meeting approved the sale of the "MailUp" business and the shareholdings in Contactlab S.p.A., Acumbamail S.L., MailUp Nordics A/S and Globase International ApS to TeamSystem S.p.A. under the conditions set out in the binding agreement signed on 2 February 2023; in extraordinary session, the Meeting resolved to approve the proposed amendments to the Articles of Association (extension of the corporate purpose to holding company and renaming of the multilateral trading system "AIM Italia" to "Euronext Growth Milan"), approving in full for the effect the text of the new amended Articles of Association, in force as of the effective date of the transfer of the Email Service Provider business. Shareholders who did not participate in the shareholders' resolution approving the amendment of the Articles of Association have the right of withdrawal, which may be exercised subject to the closing of the ESP sale. The Board of Directors set the unit liquidation value of the Company's shares at Euro 4.39 per share.

On 7 April 2023, the Company announced that it had received notification from BMC Holding B.V., a vehicle owned by the sellers of Datatrics, that it had reduced its stake in Growens' share capital below the 5% threshold, to an effective stake of 4.6%.

On 17 May 2023, the Company announced the partial release of a further portion of the shares held by the sellers of Datatrics from the lock-up, resulting in a total lock-up interest of 2.664%, thereby increasing the free float to approximately 41%.

On 18 May 2023, the Company announced the fulfilment of the conditions precedent to the sale of the Email Service Provider business relating to antitrust aspects, with the announcements: (i) by the Presidency of the Council of Ministers of non-exercise of special powers, pursuant to Decree-Law no. 21 of 15 March 2012, converted, with amendments, by Law no. 56 of 11 May 2012, by the Coordination Group referred to in article 3 of the Prime Ministerial Decree no. 133 of 1 August 2022 (so-called "Golden Power"); (ii) by the Spanish Ministry of Industry, Trade and Tourism (Ministerio de industria, comercio y turismo) that the aforementioned transaction is not subject to authorisation pursuant to article 7-bis of Law no. 19 of 4 July 2003.

On 12 June 2023, the Company announced a change in its significant shareholders, following the notification by Matteo Monfredini, Nazzareno Gorni, Luca Azzali, Matteo Bettoni and Alberto Domenico Miscia of a change in their shareholding as a result of the contribution of all the shares they directly held in the Company to five corporate vehicles that they fully owned. As a result of these contributions, the new major shareholders adhered to the shareholders' agreement initially signed between the contributing shareholders on 19 December 2021 (and disclosed to the market on 23 December 2021) for a total of 7,000,000 shares, or 45.47% of the share capital.

On 30 June 2023, the Company announced that, in execution of the binding agreement entered into on 2 February 2023 with TeamSystem, on 7 June 2023, the Contactlab extraordinary shareholders' meeting resolved, inter alia, to: (i) increase its share capital by a total of Euro 708,309.00, including nominal value and share premium, to be paid through the contribution of the Email Service Provider business unit (with the issue of 271,428 new shares); and (ii) change its company name to "MailUp S.p.A.". On the same date, Growens transferred the Business Unit to MailUp, with effect from 11:59 p.m. on 30 June 2023, resulting in the subscription and full release of the capital increase.

On 13 July 2023, Growens announced the finalisation of the sale of the MailUp business unit through the shares held in MailUp S.p.A. (formerly Contactlab S.p.A.), Acumbamail S.L., MailUp Nordics A/S and its subsidiary Globase International A.p.S. (collectively, the "Email Service Provider" businesses) to TeamSystem S.p.A. for a final consideration of Euro 76.7 million. A portion of the price of Euro 4.6 million was deposited in an escrow account to guarantee the indemnification obligations assumed by the Company in the agreement governing the transaction and will be subject to periodic releases according to a *décalage* mechanism customary for this type of instrument.

The completion of the transaction entailed the fulfilment of the condition precedent to which the resolution to change the corporate purpose passed by the Company's extraordinary shareholders' meeting on 9 March 2023 was subject, and determined, among other things, the legitimacy of the right of withdrawal for shareholders who did not take part in the relevant resolution.
Therefore, on the same date of 13 July 2023, the Company announced the opening of the period for the exercise of the right of withdrawal, which ended on the following 28 July without any adhesions being received.

On 13 July 2023, the Board of Directors approved the guidelines of an operation that envisages the promotion, subject to obtaining the necessary authorisation from the Shareholders' Meeting, of a voluntary partial tender offer on treasury shares, concerning a maximum of 2,647,058 ordinary treasury shares (without any indication of the express par value) corresponding to approximately 17.2% of the total number of ordinary shares issued for a unit price of Euro 6.80 and therefore for a maximum total countervalue of Euro 17,999,994.40.

On 30 August 2023, Growens announced the rebranding of the Bee Content Design Inc. Business Unit's (hereinafter also "BU") products from BEEPro to Beefree and from BEEPlugin to Beefree SDK, respectively, consistent with both the BU's market approach, based on offering products that give everyone access to quality content creation, and the Group's growth strategy, focused on fostering Beefree's growth.

On 1 September 2023, the Ordinary Shareholders' Meeting was called to resolve on (i) the authorisation to purchase treasury shares pursuant to article 2357 of the Civil Code, (ii) the revocation of the authorisation to purchase treasury shares granted on 20 April 2023, which, in any case, the Board of Directors did not use.

The Ordinary Shareholders' Meeting was held on 18 September 2023 and resolved unanimously (therefore with the majorities envisaged by article 44-bis of Consob's Issuers' Regulations), inter alia, to (i) revoke, for the part not executed, the previous resolution authorising the purchase and disposal of treasury shares adopted by the Shareholders' Meeting of 20 April 2023, effective as of today; (ii) authorise the Board of Directors, pursuant to and for the purposes of article 2357 of the Civil Code, to purchase a maximum of 2,647,058 ordinary treasury shares, to be carried out through a public tender offer to be promoted by the Company pursuant to article 102 of the Consolidated Finance Act (TUF); (iii) to establish that the price of the ordinary treasury shares to be purchased is equal to Euro 6.80 per share and that the duration of the authorisation is eighteen months from the date of the same Shareholders' resolution.

On 9 October, the Company announced the filing with Consob of the offer document for publication, relating to the voluntary partial tender offer pursuant to article 102 of the Consolidated Finance Act (TUF) promoted by Growens itself on a maximum of 2,647,058 treasury shares.
On the same date, it was also announced that Growens had signed 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 operator in marketing automation in the Netherlands and the UK, for a total consideration of Euro 1.66 million and against the waiver by Growens of approximately Euro 7 million in intercompany receivables from Datatrics. The transaction closed on 23 October, with a final price of Euro 1.6 million.

On 9 November, the offer document relating to the voluntary partial tender offer promoted by Growens on its treasury shares was published, as well as filed with Consob and made available to the public for consultation, following Consob's approval by Resolution no. 22870 of 8 November.
The acceptance period for the public offer ran from 13 November to 6 December, with payment on 13 December. A total of 4,987,932 Shares were tendered, representing approximately 188.433% of the shares in the offer and approximately 32.403% of Growens' share capital. The allocation was therefore made according to a coefficient of approximately 53.069% and, as a result, 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.
Therefore, taking into account the 2,647,058 shares subject to the offer as well as the 62,583 treasury shares already held by Growens, Growens holds a total of 2,709,641 shares, or approximately 17.6% of the relevant share capital.

3. Summary report

Highlights Consolidated Income Statement

Description	31/12/2023*	31/12/2022*	Change
Total revenues	75,060,458	76,979,649	(1,919,919
EBITDA	(558,710)	(1,429,863)	(1,988,573)
Pre-tax result (EBT)	(2,662,612)	(1,044,488)	(1,054,559)
Net result from continuing operations	(3,025,337)	(1,044,188)	(1,980,849)
Profit for the year**	58,131,733	(2,564,003)	60,695,736

Highlights Consolidated Balance Sheet

Description	31/12/2023	31/12/2022	Change
Fixed assets	23,343,615	35,228,934	(11,885,319)
Current assets	58,857,332	25,909,110	32,948,222
Current liabilities	20,749,589	33,153,506	(12,403,916)
Consolidated liabilities	4,582,525	10,896,203	(6,313,678)
Shareholders' equity	56,868,834	17,088,335	39,780,498
Net financial position	(42,092,944)	(65,519)	(42,027,425)

Highlights Separate Income Statement

Description	31/12/2023*	31/12/2022*	Change
Total revenues	10,309,673	7,677,851	2,631,823
EBITDA	(2,376,848)	(1,184,577)	(1,192,271)
Pre-tax result (EBT)	(745,184)	(1,224,833)	479,649
Net result from continuing operations	(736,075)	(1,167,129)	431,055
Profit for the year**	56,069,522	(597,150)	56,666,674

Highlights Separate Balance Sheet

Description	31/12/2023	31/12/2022	Change
Fixed assets	18,909,607	31,768,7594	(12,859,152)
Current assets	51,990,712	13,225,334	38,765,378
Current liabilities	8,042,369	16,956,795	(8,914,426)
Consolidated liabilities	3,743,610	6,918,8412	(3,175,331)
Shareholders' equity	59,114,339	21,118,356	37,995,984

Net financial position	(37,467,411)	4,085,404	(41,552,814)

* the values indicated, in application of IFRS 5, are net of the items referable to “Discontinued operations”, i.e. they do not contain the amounts relating to the Email Service Provider (ESP) business transferred to TeamSystem S.p.A., including the business unit corresponding to the MailUp platform, MailUp S.p.A. (formerly Contactlab S.p.A.), Acumbamail SL and the Danish subsidiaries MailUp Nordics A/S and Globase International ApS and the business related to the former Dutch subsidiary Datatrics BV, which was sold to the Spotler group on 20 October 2023. For more details on the disposal of the ESP business unit and Datatrics BV and the adoption of IFRS 5, see, respectively, the paragraph Growens Group Structure (above) and the paragraph Application of IFRS 5 (below in the introduction).
** profit for the year shown here is total, including both continuing operations, as identified for the purposes of IFRS 5, and discontinued operations.

4. Consolidated Annual Report on Operations and Separate Annual Report on Operations as at 31 December 2023

The divestiture of the ESP business and the subsequent sale of Datarics BV, already mentioned on several occasions, also had a significant impact on the presentation of the economic and financial results of these annual financial statements following the application of the IFRS 5 accounting standard, which is detailed in the specific paragraph below. The impact of the extraordinary transactions, due to the capital gain recorded for the TeamSystem transaction and the related collection of the agreed price, was particularly significant on the final results of the period under review, which recorded an excellent year-end with a consolidated net profit, including continuing and discontinued operations, of Euro 58,131,733 and a consolidated net profit in Growens’ separate financial statements of Euro 56,069,522. The net consolidated result from Continuing operations was a loss of Euro 3,025,338, including depreciation, amortisation and provisions of Euro 3,129,362 and net of current and deferred tax assets of Euro 362,726. Growens’ net result from Continuing operations was a loss of Euro 736,075, including depreciation and amortisation of Euro 957,041 after deferred tax assets of Euro 9,019.
Below is the analysis of the position and the trend of operations relative to 2023 at consolidated and separate level for Growens.

Introduction

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

In this document, information is provided regarding the Group’s consolidated position and separate related to the parent company Growens. This Report, drawn up with balances expressed in Euro, is presented so as to accompany the consolidated and separate annual financial statements for the purpose of providing income-related, equity, financial and operating information of the Group accompanied, where possible, by historic elements and forecasts valuations.

Application of IFRS 5

On 13 July 2023, following the closing of the transaction referred to below, the sale of the Growens Email Service Provider business related to the MailUp BU 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.
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 and separate annual financial statements, the two extraordinary transactions mentioned above, referring respectively to the ESP business, represented by certain Cash Generating Units, and to Datatrics BV, given their significance and determinacy, have led to treating the values referring to them as Discontinued Operations in accordance with IFRS 5 dictates; therefore:

- in the Income Statement for the financial year 2023 and the comparative period, the items of revenues and income and expenses related to net assets constituting Discontinued Operations were reclassified to Net result from Discontinued Operations (Euro +56.5 million in the financial year 2023 at the consolidated level and Euro +56.8 million for Growens alone; Euro -1.3 million in the financial year 2022 at the consolidated level and Euro +0.6 million for Growens alone);
- in the Balance Sheet as at 31 December 2023, the assets and liabilities attributable to the business for sale were reclassified to Assets and Liabilities held for sale, respectively, without restating the comparative balances (as required by IFRS 5);
- 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; the cash flows generated by assets constituting Discontinued Operations have been detailed in the Notes to the financial statements.

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 and Separate Financial Statements.

With reference to the consolidated financial statements, marked by uniformity of valuation criteria and by the line-by-line consolidation method, the scope of consolidation is specified as follows (data as at 31 December 2023):

Company name	Registered office	Share capital	Percentage of ownership
GROWENS S.p.A.	Milan	Euro 384,834	parent company
AGILE TELECOM S.p.A.	Carpi (MO)	Euro 500,000	100 %
BEE CONTENT DESIGN Inc.	United States of America	Euro 43,295*	96.1 %

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

Economic context for FY 2023*

During HY1 2023, the weakness of the world economy and international trade, combined with continuing geopolitical uncertainty, persistently high inflation in the major advanced economies, together with restrictive credit conditions, continued even though the economic slowdown turned out to be less than estimated in autumn 2022. The price of oil first went down (March), then up (April). In Europe, gas prices experienced a general decrease during the period.
The major advanced economies (US and UK) approved new interest rate hikes. The worsening of conditions in international financial markets, influenced by expectations of substantial and prolonged rate hikes, was exacerbated by the collapse of some banking intermediaries in the US and Switzerland, leading to an increase in risk aversion and volatility, which only normalised in the second quarter of 2023. The ECB raised official rates again, and announced that it will take appropriate decisions with the aim of bringing inflation back to 2% in the medium term. It also started the portfolio reduction of the financial asset purchase programme, with the end expected by July.
In the first quarter of 2023, Italy's GDP increased slightly thanks to the contribution of the manufacturing sector, but remained unchanged in the second quarter, while household spending remained weak as capital accumulation continued.

Exports decreased in volume. However, the positive return of the current account balance was positively influenced by the development of energy imports.

Inflation fell in HY1 the year, with the first declines in food and non-energy industrial goods, as well as in services.

In Italy, where financial market conditions worsened at the beginning of the year as a result of the systemic events mentioned above, the financial system is basically in good shape and public accounts have shown an improvement, as has the debt-to-GDP ratio. In any case, bank lending decreased due to the rising cost of credit and falling demand.

In the second half of the year, the global economic slowdown was evident, with solid growth in the US but a marked slowdown in China in the second quarter, aggravated by the real estate crisis. The summer saw a deceleration in global economic activity, with a slowdown in the expansion of services and a continued contraction in manufacturing. IMF forecasts indicate a further slowdown in world output for 2023-24, influenced by geopolitical tensions and weak international demand, despite an increase in energy prices.

In the US and the UK, monetary policy remained restrictive, with core inflation falling but still at high levels. The Federal Reserve and the Bank of England raised interest rates, while the Bank of Japan maintained a more accommodative policy. The third quarter saw a tightening of financial conditions internationally, complicating the economic outlook.

In the Euro area, economic weakness led to stagnating GDP and lower inflation, influenced by tighter financing conditions and a high level of inflation eroding purchasing power. The European Central Bank continued to raise interest rates to combat inflation, with a direct impact on financing costs for businesses and households, and signs of possible future tightening.

In Italy, economic activity remained weak, affected by the erosion of household incomes due to inflation and tighter credit conditions. Domestic demand was weak, with a negative impact on manufacturing, services and exports. Nevertheless, the current account balance showed signs of improvement, thanks to a growing interest of non-resident investors in Italian government bonds.

In the last quarter of 2023, the global economy slowed further, with signs of weakening in the US and growth in China remaining below pre-pandemic levels. The OECD forecasts a slowdown in global GDP to 2.7% in 2024, influenced by restrictive monetary policies and reduced consumer and business confidence, with additional risks stemming from international political tensions. Models indicate a modest trade in goods and services, plagued by weak global demand, while crude oil and natural gas prices remain stable despite geopolitical tensions.

The Federal Reserve and the Bank of England have kept their key interest rates unchanged, signalling that they will continue to pursue restrictive monetary policies until inflation comes into line with their targets. This announcement led to some easing in international financial market conditions, although core inflation declined in both countries during the autumn.

Economic activity in the Euro area remains weak, with stagnation reflecting limited domestic and external demand and an extension of weakness from the manufacturing sector to the service sector. However, employment is growing and inflation has been lower than expected, with forecasts pointing to a decline in inflation in the coming years due to a consolidated disinflation process.

In Italy, growth was almost nil towards the end of 2023, hampered by tighter credit conditions and still high energy prices. Despite this, the construction sector showed signs of growth, thanks to tax incentives. Italian GDP is expected to grow by 0.6% in 2024, with an improvement in the following two years, while exports are increasing and the current account balance shows a surplus.

At the European level, agreement was reached on the reform of the budgetary rules, incorporating both the analysis of medium-term debt sustainability and individual negotiations to define budgetary consolidation. This agreement adds uniform numerical criteria influencing debt dynamics and structural deficits, marking a significant step in the context of European fiscal policies.

* Source: Economic Bulletin 2-3-4/2023, 1/2024 - Bank of Italy

The Group

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

Main events of HY1 2023

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

GROW share performance in the course of 2023 and Investor Relations activities

Below is some data on the prices and volumes of the Growens stock (GROW) in 2023

Placing price	Euro 1.92*	29/07/2014
Maximum price 2023	Euro 6.50	11/04/2023
Minimum price 2023	Euro 4.13	16/01/2023
Price at period-end	Euro 6.40	30/12/2023

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

After a beginning of 2023 characterised by low volumes and an almost stable price trend just above Euro 4, prices and volumes showed steady and sustained growth following the announcements of extraordinary transactions such as: (i) the sale of the Email Service Provider business on 03/02/2023, (ii) the launch of a voluntary partial tender offer for a maximum of 2,647,058 treasury shares, approved by the shareholders' meeting on 18/09/2023, (iii) the sale of the Datatrics business unit. The continuation saw prices and trades holding up well, also bucking the trend of the Mid & Small Cap markets.

The maximum price recorded on 11 April 2023 at Euro 6.50, as well as the price at the end of the period, were approximately 51% higher than the first price of the year (Euro 4.31 on 3 January 2023).

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

Month	Weighted average price €	Average daily volume #
January 2023	4.29	2,473
February 2023	5.44	92,455
March 2023	5.87	22,526
April 2023	6.05	29,159
May 2023	5.58	16,177
June 2023	5.98	25,704
July 2023	6.34	32,750
August 2023	6.44	34,559
September 2023	6.50	20,582
October 2023	6.51	16,750
November 2023	6.51	38,928
December 2023	5.80	35,721

GROW.MI - trend in prices and volumes January-December 2023 - Source www.borsaitaliana.it

In the year ended 31 December 2023, in over 40 trading sessions, volumes traded exceeded 50,000 units, and in 12 sessions 100,000 units, with a maximum recorded on 03/02/2023 (335,044 shares traded). Overall, daily volumes traded during the period averaged about 30,200 units, much higher than the approximately 6 thousand average daily units traded in the whole of 2022, due to the renewed interest in the stock following the announcement of the sale of the ESP business and the other extraordinary transactions of the financial year. In only one trading session, there were no trades.

On 9 October, the Company filed with Consob the offer document for publication, relating to the voluntary partial tender offer pursuant to article 102 of the Consolidated Finance Act (TUF) promoted by Growens itself on a maximum of 2,647,058 treasury shares.
On 9 November, the offer document relating to the voluntary partial tender offer promoted by Growens on its treasury shares was published, as well as filed with Consob and made available to the public for consultation, following Consob's approval by Resolution no. 22870 of 8 November.
The acceptance period for the public offer ran from 13 November to 6 December, with payment on 13 December. A total of 4,987,932 shares were tendered, representing approximately 188.433% of the shares in the offer and approximately 32.403% of Growens' share capital. The allocation was therefore made according to a coefficient of approximately 53.069% and, as a result, 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 Company is very careful in handling Investor Relations activities, i.e., communications and financial information activities between the Company and investors.

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

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

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

In the course of 2023, a total of 43 financial press releases were issued. All accounting and financial documentation and press releases generated by the Group are drafted and published in both Italian and English and made available on the website www.growens.io, which is also fully available in both languages on a voluntary basis.

The CEO and Investor Relations Officer periodically participate in both individual and group presentations and meetings to present the Group and its performance. The updated presentations are published on the website. For example, in 2023, the Group participated in more than 12 plenary (conferences) and individual (investor day) meetings held mostly in virtual mode, meeting over 40 current and potential investors.
Every month, investors who have requested it receive a newsletter providing the main financial news.
The Group also receives assistance from three corporate brokers, who generate independent research and support the Company in its financial sales and marketing activities, helping to spread its equity story and generate contacts with current and potential investors. Equity research reports, all drafted in English, are available on the website in the section www.growens.io/en/analyst-coverage/.

In 2023, 27 equity research reports were published.

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

The Marketing Technology (MarTech) Market

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

MarTech overview: ample, complex, fragmented and segmented

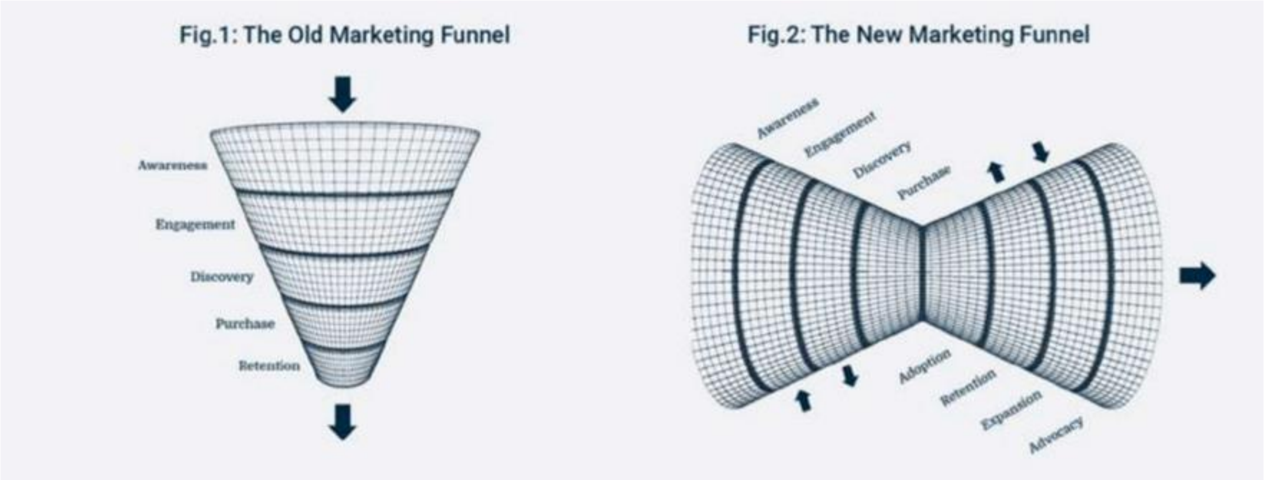
Technology and traditional off-line marketing have found common fertile ground and opportunities of contamination that have led to the proliferation of cloud strategies, solutions and tools that make up the ecosystem of MarTech.
In the extremely complex and fragmented context of the MarTech market it is possible to identify 6 main sub-segments:

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

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

The main focus on which MarTech is concentrating is certainly the exploitation of the potential of Artificial Intelligence ("AI") for the collection and processing of internal and external Big Data, while, on the market structure side, further large-scale concentration phenomena resulting from intense Merger & Acquisition activity. Customers generate a large amount of data and information in the course of their purchasing experiences that represent a valuable asset which, if properly exploited, can lead to much more targeted and effective campaigns, and ultimately an increase in sales. In order to manage large amounts of data, it is increasingly strategic to rely on the automation of flows and, in the future, on tools based on AI. The use of AI will significantly increase the effectiveness of decision making and machine learning processes, allowing the extraction of increasingly significant indicators, optimising the customisation of marketing campaigns and providing customised scalable solutions.

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



Source: Value Track Analysis

Segment of reference of the Growens Group: Content Design and Mobile Messaging

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

1. **Content Design Segment**: e-mails represent one of the most popular tools to convey digital marketing campaigns, being in fact particularly cost-effective and allowing to achieve high conversion rates in the various stages of the customer acquisition funnel. Technological evolution has also made it possible to enrich their design and improve their functionality. Despite the competition from other communication tools (instant messaging platforms, chat, social networks), e-mail is absolutely central in digital marketing strategies, both in B2B relationships between companies, between company and consumer, but also between organisation and citizen, or between school and students. The pervasiveness of digital communication at every level and at every age has opened up the market for the so-called democratisation of design, which consists of making digital content creation

tools (videos, images, animations, e-mails, web pages, etc.) available to everyone, even without any technical training and with low or no costs. In this market, Beefree represents one of the leading players specialising in the creation of graphical e-mail templates, overcoming the limitations of traditional e-mail marketing applications in terms of greater flexibility and control, greater compatibility with the complex multidimensional device/operating system/charset/e-mail client matrix, and greater possibilities for collaboration, even in real time.

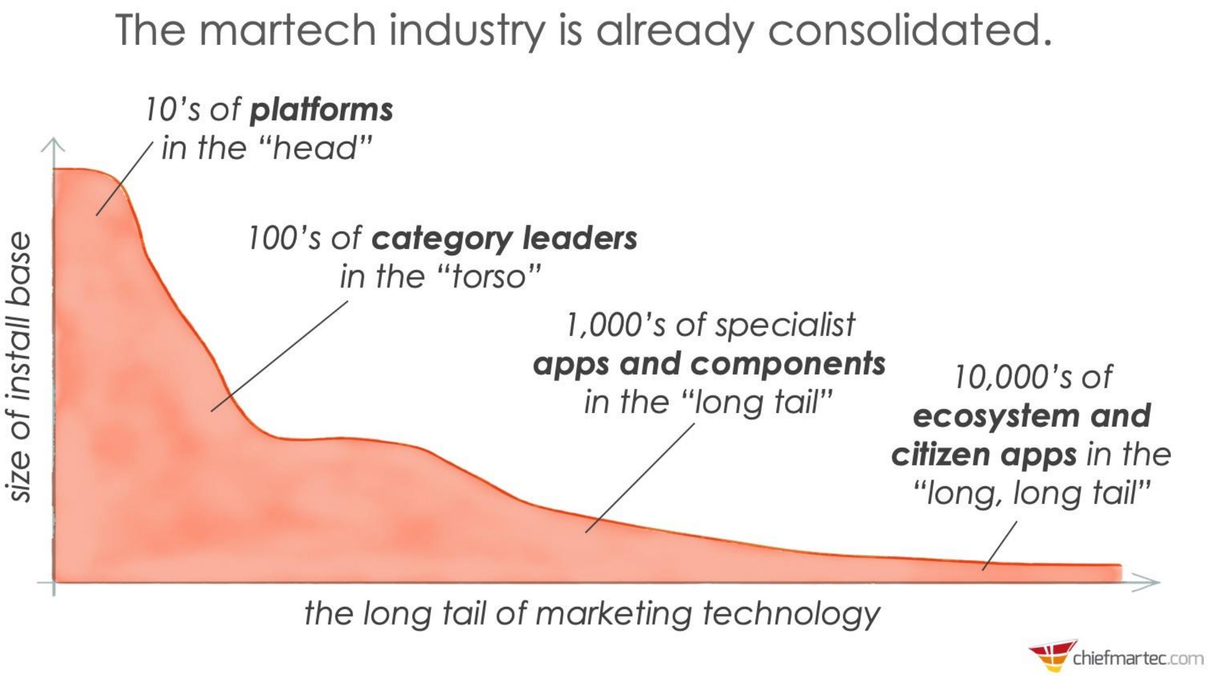
2. **Mobile Messaging Segment:** includes SMS messages which, despite the almost daily proliferation of new technologies in the world of smartphones, remain one of the most effective methods of communication in the case of time-sensitive information such as passwords and single-use codes for specific operations (OTP and transactional messages in general), real-time updates, alert and emergency messages (e.g. weather, health situation) - emblematic in this sense is the frequent use by public authorities - or simply special offers of limited duration, as they have the highest percentage of opening combined with a high effectiveness in determining a reaction from the recipient. For this reason, despite the undeniable popularity of alternative messaging channels such as WhatsApp, SMS will maintain a key role in business communication for specific uses, related for example to the continuous growth of online shopping, to the increasingly frequent use of multiple authentication methods (e.g. 2 Factor Authentication) in banking or cloud-based and mobile applications.

Competitors' behaviour

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

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

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



Source: chiefmartech.com

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

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

The table below shows a breakdown of the two business units of the Group:

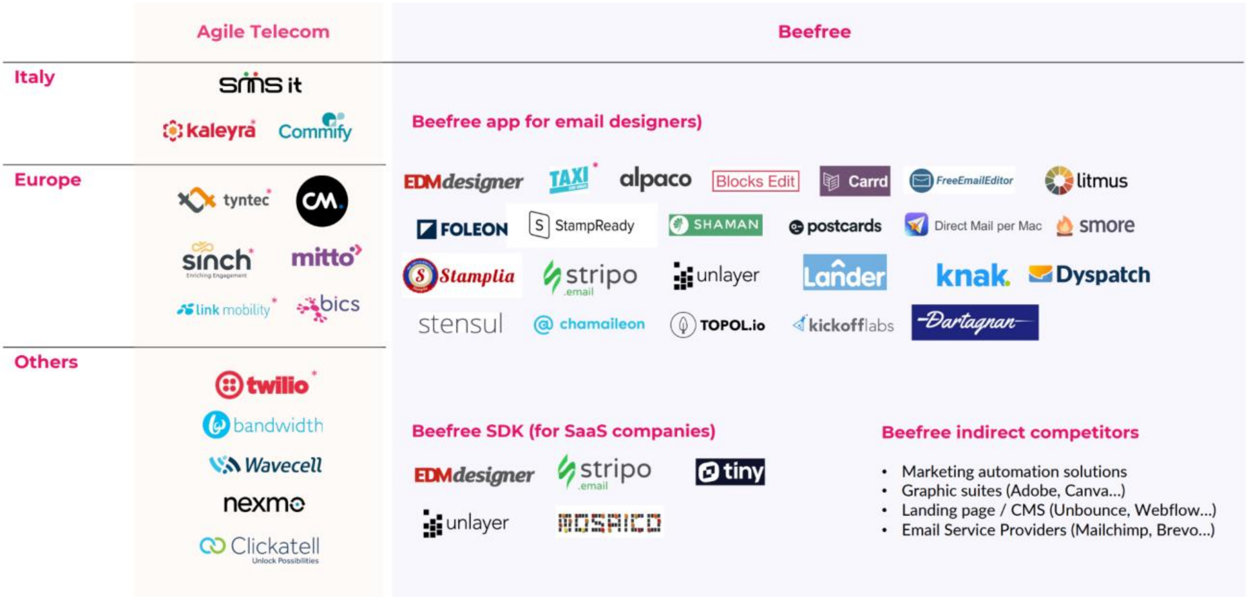


Table for illustrative and non-exhaustive purposes only, the logos remain the property of their respective owners. The asterisk (*) identifies listed companies.

Market consolidation: the probable scenario in the immediate future

MarTech is a market that is still in full evolution, as demonstrated by the very high number of operators present. The phenomena of concentration and aggregation through M&A operations are very frequent and of increasing importance. The number of incoming companies is still higher than those outgoing and this can mean prospective growth, but also increasingly complex challenges for the players already present.

It is expected that, with the many new solutions recently launched in the area of marketing technologies, numerous innovative SaaS players will be acquired by larger players always looking for opportunities to expand their technological offerings, limiting the cases in which such players will be able to compete effectively while remaining independent.

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

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

Source: Chiefmartec, Value Track Analysis

The MarTech segment is likely to undergo the most rapid evolution ever, driven by the growing demand for real-time communication by users and the increasingly intensive and widespread use of Artificial Intelligence and machine learning processes. The Growens Group will have to be ready to take up this challenge and exploit the relative opportunities and always be reactive and innovative as it has been in the recent past.

Growens operates in the marketing technology sector through its two business areas SaaS and CPaaS that correspond to the business units Beefree and Agile Telecom respectively.

BEE, renamed Beefree in August 2023, a drag-and-drop editor for e-mails, pop-ups and landing pages owned by the subsidiary BEE Content Design, Inc., continues its growth path both as a free tool available online (Freemium) and as component to be integrated into other software applications (Beefree SDK), and finally as a complete suite for the creation of e-mails and landing pages designed for freelance designers, digital agencies, and company marketing teams (Beefree). Considering the growing usage numbers, the company's goal of becoming a world standard in digital content creation becomes more and more concrete:

during 2023, there were more than 96 million usage sessions of Beefree design tools in more than 1,000 applications, an increase of more than 26% over 2022. In the same period, the Group continued to invest in the development of the product. More specifically:

Beefree: the company reacted quickly and effectively to the explosion of attention towards generative artificial intelligence, triggered by the launch of ChatGPT 3.5 during Q4 2022. In particular, Beefree users can already use a digital assistant - based precisely on OpenAI's technology - during the creation of e-mails and pages, thanks to the integration of this technology in the Beefree SDK, as explained in the following paragraphs. The growth strategy based on the product-led approach has been confirmed and expanded, where the product is at the centre of all phases of customer acquisition, conversion, growth and maintenance. The launch of the free version in the spring of 2022 allowed for a continuous increase in users, with the result that in 2023, Beefree users created more than 3,440,000 e-mails and pages, an increase of more than 21% compared to 2022. The business model uses an approach called "enterprise freemium": a free version is provided that helps the penetration of the use of the software itself not only in small and medium-sized enterprises, but also in large companies. The latter, in the course of time, as the free use of the software within them increases, often decide to move to a paid version in order to have more control over access security, the management of specific user permissions assigned to various users, control of data flow, access to higher levels of technical support, and so on. The revolutionary part of this approach lies in the fact that product adoption happens from the bottom up, with very low acquisition costs as it is often the result of organic word-of-mouth. In the case of Beefree, the launch of the free version led to an immediate surge in the activation of new accounts, which grew by more than 50% - on a monthly basis - compared to the previous year. The trend was confirmed in 2023, with over 210,000 new Beefree accounts registered. More than 41,000 people are now using Beefree every month (average Q4 2023) and the increased usage is starting to pay off at the level of the "enterprise freemium" strategy described above: the number of customers with at least 10 times the average turnover volume rose steadily during 2023, ending the year with +147% compared to 2022 (79 customers in this category vs. 32 at the end of 2022). The company is still at an early stage of strategy execution, and the bottom-up growth mode is by nature slow, as it is organic. However, the evolution of the business bodes well for its future, and new talent has been added in the sales area, so that it can offer more sales support to customers as they expand their turnover.
From the point of view of improving the top end of the Beefree marketing funnel, a marketing strategy was introduced focusing on a few key segments where product adoption is particularly attractive. In Q1 2023, this strategy focused on universities: some of Beefree's biggest customers are large US universities, and a series of "case studies" have been published on the company's website at: https://beefree.io/customer-stories. This type of segment-focused marketing activity continued throughout 2023 and will be further extended in 2024.

Beefree SDK: the embeddable version of the editor, that can be integrated using special software connectors into third-party applications, is confirmed as a market leader, with 598 paying customers at the end of 2023 and a total of more than 1,000 applications using it. The difference between the two is the fact that a paying customer can use the editor in more than one application, and the fact that many small companies use the product taking advantage of the free plan (the "freemium" strategy is also used on Beefree SDK). The number of paying customers remained largely unchanged compared to 2022 (+2%) because the lower availability of capital and greater market difficulties for technology start-ups led to the exit of around 30 small customers due to cessation of business. On the revenue side, the entry of a similar number of larger customers led to an increase in revenue, although the total number of paying customers remained similar. Specifically, the average monthly turnover per customer at the end of 2023 increased by 31% compared to 2022. The adoption of Beefree SDK by increasingly large customers is a clear indication of the quality of the product. Beefree SDK is now used by 60% of the applications identified by Forrester in the "Forrester Wave - Cross-Channel Marketing Hubs - Q1 2023". Fuelling the market leader's position is a continuous development of new features that guarantee an excellent user experience for the end user, and a great customisation capability for the product and development teams responsible for integrating the visual editor into the applications that host it. In addition, investments were made to allow the system to be installed in a dedicated environment (Virtual Private Cloud), an increasingly important requirement for high-end customers. The first Beefree SDK Virtual Private Cloud contracts were being finalised during HY1 2023 and were signed during the third quarter of the year.

Synergistic relationship between the two versions of Beefree: we recall that, from a technical point of view, the Beefree design suite accessible at beefree.io is a "customer" of Beefree SDK. It is in fact a software application that incorporates the editor for e-mails and web pages within it, integrating it via the Beefree SDK service. The integration of the OpenAI API within the Beefree SDK, for example, allowed the release of AI functionality to the over 40,000 monthly users of the Beefree application, generating immediate and fruitful feedback on the use of artificial intelligence within the company's design tools.

Agile Telecom, on the other hand, operates in the CPaaS sector and in particular in the SMS wholesale market (SMS gateway / SMS aggregator) and sent a total of more than 2 billion SMS in the financial year 2023, serving among others a number of SaaS operators and large international operators who need to deliver SMS traffic in Southern Europe, particularly Italy, and to selected international routes.

It has been mentioned several times in this document that the financial year 2023 was characterised by two particularly significant extraordinary transactions that led to the sale of some of the BUs that were part of the Group, in particular the sale of the ERP business and the Dutch subsidiary Datatrics BV. The effect for the Growens Group is a greater concentration of financial resources and human capital, which management intends to allocate primarily to the development of the Beefree business unit and to the creation of value for all stakeholders.

Social, political and union climate

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

Operating performance in Group sectors

The total consolidated net profit for the year, including continuing and discontinued operations, was over Euro 58.1 million, as a result of the extraordinary sale transactions realised in 2023, while the same figure for Growens' separate financial statements was over Euro 56 million. In return for this excellent result, the Board of Directors will propose to the next Ordinary Shareholders' Meeting the distribution of a dividend of Euro 20 million.

The Income Statement for the 2023 financial year recorded consolidated revenues of over Euro 75.3 million, showing a slight decrease of Euro 1.4 million or -1.9% in relative terms on the previous financial year. This result is influenced by the growth of the SaaS component by about 20%, accounting for about 13.6% of total revenues, offset by the decrease of 6.1% of the CPaaS component, accounting for about 83.9% of total revenues.

The Agile Telecom Business Unit produced the highest turnover in absolute value, amounting to about Euro 63.5 million, a decrease of 6%, however with margins increasing significantly both relatively and in absolute value compared to the previous year (Gross Margin + Euro 1 million and +20%). The Business Unit that achieved the highest growth rate is Beefree, with an increase of 18% net of the USD/Euro exchange rate effect, reaching approximately Euro 10.3 million/USD 11.1 million in revenues, thanks to the increase in sales volumes. ARR (Annual Recurring Revenue, which is a very widespread metric for measuring the performance of a subscription business, indicative of the average annualized recurring value of outstanding contracts) was USD 12.6 million as at December 2023. The main actions in 2023 include: (i) the introduction of a content creation assistant based on artificial intelligence, leveraging integration with OpenAI's GPT API; (ii) several new features and enhancements in the areas of collaboration, review, and approval of e-mails and pages created within a multi-user account; (iii) new integrations with third-party systems, including Salesforce Marketing Cloud and Salesforce Account Engagement (Pardot); (iv) integration with Okta for identity management for large companies; several improvements to the user experience, including a complete redesign of the user interface; (v) a new system of synchronisable content among different elements; (vi) the ability to share image management among different installations of the editor under the same application; (vii) the release of File Manager - the image management tool - as a separate application, usable outside and independent of the editor; (viii) support for multilingual content. At the end of August 2023, BEE's activities underwent a rebranding, with the launch of the Beefree brand and Beefree SDK.

Revenues realised abroad represented 82% (+2.5% compared to 2022) of the total, while recurring revenue stood at 14% (+20% compared to 2022).

Consolidated EBITDA was negative by about Euro 0.6 million, while Gross Profit exceeded Euro 14.8 million, accounting for almost 20% of revenues, and growing by more than 21% compared to 2022. In fact, the COGS component decreased by more than 6% and by about 4 percentage points as a percentage of revenues, due in particular to the virtuous actions to optimise the profitability of contracts in the CPaaS line. In fact, Agile Telecom showed EBITDA of about Euro 3 million, up 32% from 2022. The cost items that have a negative impact on EBITDA are related to the development of the Beefree Business Unit, as far as Sales & Marketing (+56%) and Research & Development (+14%) are concerned; Beefree's EBITDA was negative by about Euro 1.3 million.

Pre-tax profit (EBT) for the period was a negative Euro 3.7 million, after depreciation and amortisation of about Euro 3.1 million, an increase of over 12%. Depreciation and amortisation related to the application of IFRS 16 amounted to Euro 0.4 million, essentially stable, while depreciation and amortisation related to investments in R&D activities increased.

The net profit from Continuing Operations for the year ended 31 December 2023, after estimated current and deferred taxes, was negative for about Euro 3 million. It should be noted that tax allocations at the consolidated level are the result of a mere aggregation, as taxation is applied on the individual legal entities of the Group.

The consolidated Net Financial Position as at 31 December 2023 was negative (cash) in the amount of Euro 42.1 million, and is substantially not comparable with the cash position of Euro 66 thousand as at 31 December 2022. The change is influenced in particular by the extraordinary proceeds of the sales finalised in 2023, amounting to approximately Euro 69 million, as well as the outlay of approximately Euro 18 million for the purchase of 2,647,058 ordinary treasury shares as part of a partial voluntary public offer. The effect of the adoption of IFRS 16, relating to rental, leasing and hire costs, results in an imputed debt item of approximately Euro 1.3 million. Cash and cash equivalents as at 31 December 2023 amounted to approximately Euro 45.4 million, while approximately Euro 4.6 million was tied up in 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 to TeamSystem).

As far as the parent company is concerned, in compliance with IFRS 5, only Intercompany revenues have been reported, relating to staff and R&D services provided in favour of subsidiaries, particularly Beefree, and other revenues, including services temporarily provided in favour of BUs that have left the Group perimeter to facilitate their transition under specific contractual agreements with purchasers. 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. The EBITDA margin is down by almost Euro 1.2 million and is affected in particular by the growing incidence of General expenses, impacted by approximately Euro 1.6 million of one-off costs, attributable to extraordinary operations including the partial takeover bid of December 2023. The increase in structural costs was only partly offset by the re-invoicing to subsidiaries and the related margins. Financial operations were extremely positive (Euro 2.6 million, an improvement of Euro 1.4 million) due to the dividends of the subsidiary Agile Telecom and the proceeds from the management of cash from extraordinary sale transactions temporarily not allocated to specific business investments. The net result for the year from continuing operations showed a loss of Euro 736,075, an improvement over the comparative figure for the previous period, while the profit including discontinued operations amounted to Euro 56 million. The absolutely positive effect on the results of the extraordinary sale transactions is also reflected in the NFP, which showed a cash positive value of Euro 37.5 million with cash and cash equivalents of Euro 40.5 million.

Alternative performance indicators

These financial statements present and outline some economic-financial indicators and some reclassified financial statements (relating to the economic, equity and financial situation) not defined by the IFRS. These figures, defined below, are used to comment on the performance of the business in compliance with Consob Communication of 28 July 2006 (DEM 6064293) and subsequent amendments and additions (Consob Communication no. 0092543 of 3 December 2015, which incorporates the ESMA/2015/1415 Guidelines). The alternative performance indicators listed below should be used as an informative supplement to the provisions of the IFRS to assist users of the Report on Operations in a better understanding of the Group's economic, equity and financial performance. It is emphasised that the method of calculating these reclassification measures used has been consistent over the years. It is also noted that it may differ from the methods used by other companies.

Financial indicators used to measure the Group's economic performance

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

- **ROS (return on sales):** defined as the ratio between the operating result and net sales for the period.

Main economic figures of the Growens Group

The table below summarises the consolidated results as at 31/12/2023 compared with the previous period in terms of total revenues, EBITDA and pre-tax result (EBT).

Description	31/12/2023*	31/12/2022*	Change
Total revenues	75,060,458	76,979,649	(1,919,191)
EBITDA	(558,710)	1,429,863	(1,988,573)
Pre-tax result (EBT)	(2,662,612)	(1.608.053)	(1,054,559)
Net result from continuing operations	(3,025,337)	(1,044,488)	(1,980,849)
Profit for the year**	58,131,733	(2,564,003)	60,695,736

* It should be noted that in this Report, the comparative figure as at 31/12/2022 has been reclassified in accordance with IFRS 5 for uniformity of comparison with the same value as of 31/12/2023, thus differing from the value represented in the year 2022 where the same principle did not apply. For a more detailed analysis on the application of IFRS 5, please refer to the relevant section in the introduction to this Report.
** Profit for the year shown here is total, including both continuing operations, as identified for the purposes of IFRS 5, and discontinued operations.

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

Description	31/12/2023*	31/12/2022*
Net ROE (Net result/Net capital)	(0.05)	(0.09)
Gross ROE (EBT/Net capital)	(0.05)	(0.11)
ROI (EBITDA/Invested capital)	(0.01)	0.019
ROS (EBITDA/Sales revenues)	(0.01)	0.02

* The Income Statement values used for the indexes are representative of continuing operations only in accordance with IFRS 5; for uniformity of comparison, the ratios for the year 2022 have been recalculated and are different from those of the previous year.

Main equity figures of the Growens Group

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

Description	31/12/2023	31/12/2022
Primary structure margin (Own funds - Fixed assets)	33,525,218	(18,140,599)
Primary structure ratio (Own funds/Fixed assets)	2.44	0.49
Secondary structure margin ((Own funds + Consolidated liabilities) - Fixed assets)	38,107,743	(8,160,240)
Secondary structure ratio ((Own funds + Consolidated liabilities)/Fixed assets)	2.63	0.77

Main financial figures of the Growens Group

The consolidated net financial position as at 31 December 2023, was as follows:

Consolidated Net Financial Position	31/12/2023	31/12/2022
A. Cash and cash equivalents	20,488,030	7,153,665
B. Cash equivalents	20,000,060	-
C. Other current financial assets	4,891,561	-
D. Liquidity (A) + (B) + (C)	**45,379,650**	**7,153,665**
E. Current financial debt	467,161	1,076,709
F. Current portion of non-current debt	1,085,516	1,621,736
G. Current financial debt (E) + (F)	**1,552,678**	**2,698,445**
H. Net current financial debt (G) - (D)	**(43,826,973)**	**(4,455,220)**
I. Non-current financial debt	1,734,029	4,389,700
J. Debt instruments		
K. Trade payables and other non-current payables		
L. Non-current financial debt (I) + (J) + (K)	**1,734,029**	**4,389,700**
M. Total financial debt (H) + (L)	**(42,092,944)**	**(65,519)**
Other long-term financial assets	(4,646,600)	-
of which Current financial debt Liabilities Right of Use IFRS 16	354,384	817,672
of which Non-current financial debt Liabilities Right of Use IFRS 16	919,315	1,520,629
Net financial debt adjusted for IFRS 16 effect	**(48,013,242)**	**(2,403,820)**

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

The sale of the ESP business to TeamSystem and of Datatrics BV to the Spotler group, the latter with a lesser impact, also had a strong positive impact on the Group's and Growens' financial situation, as can be seen from the significant increase in cash and cash equivalents at the end of the year under review and the related indexes. In fact, the consolidated NFP improved by more than Euro 42 million compared to the previous period, even excluding the amounts tied up in Escrow for more than Euro 4.6 million under contractual agreements with TeamSystem, reported as adjustments in the lower part of the table above.

To better describe the consolidated financial situation, the table below shows some liquidity indexes with the application of the IFRS 5 principle compared with the same data from the previous period.

Description	31/12/2023	31/12/2022
Primary liquidity (Immediate and deferred liq./ Current liabilities)	3.02	0.71
Secondary liquidity (Current assets/Current liabilities)	3.08	0.76
Debt (Net debt/Shareholders' equity)	(0.74)	(0.00)
Fixed asset coverage ratio (Own capital + Consolidated liabilities)/Fixed assets	2.76	0.70

Main economic figures for Growens

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

Description	31/12/2023*	31/12/2022*	Change
Total revenues	10,309,673	7,677,851	2,631,823
EBITDA	(2,376,848)	(1,184,577)	(1,192,271)
Pre-tax result (EBT)	(745,184)	(1,224,833)	479,649
Net result from continuing operations	(736,075)	(1,167,129)	431,055
Profit for the year**	56,069,523	(597,150)	56,666,674

* It should be noted that, in this Report, the comparative figure as at 31/12/2022 has been 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 year 2022 where the same principle did not apply. For a more detailed analysis on the application of IFRS 5, please refer to the relevant section in the introduction to this Report.
** Profit for the year shown here is total, including both continuing operations, as identified for the purposes of IFRS 5, and discontinued operations.

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

Description	31/12/2023*	31/12/2022*
Net ROE (Net result/Net capital)	(0.01)	(0.06)
Gross ROE (EBT/Net capital)	(0.01)	(0.06)
ROI (EBITDA/Invested capital)	(0.03)	(0.03)
ROS (EBITDA/Sales revenues)	(0.23)	(0.15)

* The Income Statement values used for the indexes are representative of continuing operations only in accordance with IFRS 5; for uniformity of comparison, the ratios for the year 2022 have been recalculated and are different from those of the previous year.

Main equity figures for Growens

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

Description	31/12/2023	31/12/2022
Primary structure margin (Own funds - Fixed assets)	41,762,349	(11,414,535)
Primary structure ratio (Own funds/Fixed assets)	3.41	0.65
Secondary structure margin ((Own funds + Consolidated liabilities) - Fixed assets)	42,459,913	(7,072,246)
Secondary structure ratio ((Own funds + Consolidated liabilities)/Fixed assets)	3.50	0.78

Main financial figures for Growens

The parent company's net financial position as at 31 December 2023 was as follows (amounts in Euro):

Growens Net Financial Position	31/12/2023	31/12/2022
A. Cash and cash equivalents	15,635,279	1,591,258
B. Cash equivalents	20,000,060	
C. Other current financial assets	4,891,561	
D. Liquidity (A) + (B) + (C)	**40,526,899**	**1,591,258**
E. Current financial debt	372,732	889,475
F. Current portion of non-current debt	1,085,516	1,290,549
G. Current financial debt (E) + (F)	**1,458,249**	**2,180,024**
H. Net current financial debt (G) - (D)	**(39,068,650)**	**588,766**
I. Non-current financial debt	1,601,240	3,496,638
J. Debt instruments		
K. Trade payables and other non-current payables		
L. Non-current financial debt (I) + (J) + (K)	**1,601,240**	**3,496,638**
M. Total financial debt (H) + (L)	**(37,467,411)**	**4,085,404**
Non-current financial assets	(4,646,600)	
of which Current financial debt Liabilities Right of Use IFRS 16	301,399	674,635
of which Non-current financial debt Liabilities Right of Use IFRS 16	786,526	1,317,132
Net financial debt adjusted for IFRS 16 effect	**(43,201,935)**	**2,093,637**

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

As in the case of the consolidated NFP and the related financial indexes, the extremely positive effect of the liquidity attributable to the extraordinary sale transactions of the former subsidiaries that took place in the year 2023 is reiterated for Growens' separate financial statements.

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

Description	31/12/2023	31/12/2022
Primary liquidity (Immediate and deferred liq./ Current liabilities)	4.66	0.65
Secondary liquidity (Current assets/Current liabilities)	5.55	0.81
Debt (Net debt/Shareholders' equity)	(0.63)	0.194
Fixed asset coverage ratio (Own capital + Consolidated liabilities)/Fixed assets	3.55	0.82

Information pertaining to the environment and staff

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

Staff

In 2023, there were no injuries at work and no charges were recorded with regards to occupational diseases on employees or former employees and mobbing cases.

As at 31 December 2023, the Group's workforce numbered 147 employees, of whom 4 managers, 12 middle managers and 131 white-collar workers, while as at 31 December 2022, it consisted of 417 employees, of whom 11 managers, 36 middle managers and 370 white-collar workers. The number of total employees employed during the year, i.e. ULA (Annual Work Units), amounted to 134.88 at Group level. The significant decrease in the workforce can be attributed to the extraordinary transactions in 2023, described above, which led to the sale of four companies previously controlled by the Growens Group and the historic MailUp business unit.

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

Environment

Please note that the type of business carried out by the Group does not entail risks nor any onset of situations that may damage the environment. For a more in-depth analysis of the environmental sustainability issues implemented by Growens Group, please refer to the detailed information contained in the Sustainability Report 2023 prepared annually at consolidated level in correspondence with the end of the accounting period by the parent company and shared with investors and the market. This Report is a voluntary exercise.

Sustainability is the fundamental element on which Growens' activities are based, which is why the Group has decided to draw up a Sustainability Report on a voluntary basis on an annual basis, starting with the UN Agenda 2030. The 17 Sustainable Development Goals (SDGs) represent "common goals" to be achieved in areas relevant to sustainable development.

The reporting concerns the period 1 January - 31 December 2023 and was carried out in compliance with the GRI Sustainability Reporting Standards guidelines, issued in 2016 by the Global Reporting Initiative and updated in 2021. The application level of the GRI Standards corresponds to the "in accordance with" option. As required by the Standards, the data collection phase was preceded by the performance of the so-called "Materiality Analysis", aimed at identifying the relevant issues that represent the most significant impacts of the organisation on the economy, the environment and people, including their human rights.

Investments

During the year under review at the consolidated level, investments were made in the areas listed in the table below, which refer only to the companies included in the Group's perimeter as at 31/12/2023:

Description	Increases in the year
Technological platform and services development costs	2,882,147
Third-party software and trademarks	636,303
IT infrastructure, electronic office machines and systems	73,632
Furniture, office furnishings and leasehold improvements	114,602
Right of Use IFRS 16	1,030,610

Below is a table summarising the investments incurred by the Group during the financial year 2023 until the closing of the sale of the ESP business unit, relating to the MailUp BU and the companies subsequently sold.

Description	Increases in the year
Technological platform and services development costs	1,031,262
Third-party software and trademarks	184,211
IT infrastructure, electronic office machines and systems	23,325
Furniture, office furnishings and leasehold improvements	1,060

Given the nature of the Group's business, investments have historically been concentrated on intangible assets and in particular on the incremental development of the digital marketing tools, in particular of the BEE editor, now Beefree, which is increasingly the main director of investments. During 2023, particularly in the first half of the year, as shown in the table above, development activities were also carried out on the technology services related to the ESP business, which were subsequently sold. In addition to these, Agile Telecom invested in strengthening and renewing the technological tools that underpin its business. In the following section, the specifics of research and development activity in the period under consideration are given.

Also worth mentioning are Right of Use assets, recognised in accordance with IFRS 16, relating to existing rental, leasing and hire contracts, whose increases relate to the renewal for a further six years of the Cremona office lease contract for Euro 782 thousand and for new contracts for company cars and PCs for Euro 248 thousand.

Capital expenditures, which were limited in amount, were mainly for upgrading the computer equipment on hand and for furniture and fittings in the leased operational offices.

Research and development

Pursuant to article 2428, paragraph 2, number 1 of the Civil Code, it should be noted that in 2023, the Group capitalised internal investments relating to the software development of its platforms and technological services for over Euro 2.8 million as well as investments through external consultants for Euro 0.41 million. Investments in the development of the Beefree editor amounted to over Euro 2.4 million in the two versions Beefree and Beefree SDK. The development activity, carried out by the parent company on behalf of BEE Content Design under specific contractual agreements, is carried out by an Italian team of developers under Growens, assisted by American colleagues, and is defined and supervised by the management of Beefree. Agile Telecom also carried out development activities, both through the use of internal resources and through external consultants for a total of Euro 830 thousand. These investments were capitalised by virtue of the future economic use, certifying the potential economic and financial future recovery. During the year, the Group also incurred additional operating costs relating to the departments dedicated to research and development for about Euro 1.9 million at consolidated level.

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

We summarise below the main additions and improvements made to our services in 2023 as a result of research and development.

Editor Beefree:

Beefree: the increasingly high number of service users has continued to provide a large quantity of feedback for the product team, which has exploited it to respond to market demand by developing and releasing many new functions. Below is a partial list of the improvements introduced in 2023: the introduction of an artificial intelligence-based content creation assistant, leveraging the integration with OpenAI GPT API, as mentioned at the beginning of this section; new centralised updating capabilities of content elements shared by multiple e-mails and pages (e.g., a repeated footer across multiple documents); numerous new functions and enhancements in the area of collaboration, review, and approval of e-mails and pages created within a multi-user account; new integrations with third-party systems, including Salesforce Marketing Cloud and Salesforce Account Engagement (Pardot); a function for integrating with external systems via webhooks; integration with Okta for identity management for large companies; several user experience enhancements, including a complete redesign of the user interface at the launch of the updated “Beefree” brand at the end of August 2023;

Beefree SDK: in terms of improvements to the software user experience, many features were added or improved in 2023, typically usable regardless of whether creating an e-mail, a page or a pop-up. A list is available at https://developers.beefree.io/ under “What’s New”. Among the most important are: integration with the OpenAI API, which allows the editor user to use a ChatGPT-like interface directly within the user interface, helping - for example - to create a draft of the first paragraph to be included in an e-mail or page, translate it into another language, shorten it, change its tone, etc.; a new system of synchronisable content between different elements, so that - for example - a footer of an e-mail can be shared by several messages and updated centrally; numerous updates and improvements to the user experience, including updates to the creation mode in smartphone view; the possibility of sharing image management between different editor installations under the same application; the release of the File Manager - the image management tool - as a separate application, usable outside and independent of the editor; support for multilingual content (only one e-mail is designed, but available in three different languages); more flexibility in creating customised content blocks; availability of the template catalogue for e-mails and pages as a stand-alone tool, via API; numerous improvements to the user interface and accessibility of the tool for people with disabilities.

Finally, we would like to remind you that the Beefree business unit - supported by the centralised cyber security and data privacy functions at Group level - continued to invest in the security of its systems and processes, renewing the ISO 27001 certification in the first half of 2022 and starting the process of SOC 2 certification, which was then successfully completed at the beginning of 2024.

Agile Telecom R&D Projects

ADAPTIVE ROUTING PHASE 2 The project essentially consists of the second stage of development of adaptive routing, which aims to restructure the routing system by implementing an artificial intelligence mechanism with the aim of improving efficiency by finding the routes of the best suppliers in terms of quality and price with the consequent cost reduction and maximisation of margins. The project is expected to be completed by June 2024.

ATWS The ATWS platform was created with the need to make Agile Telecom an all-round enabler in the SMS A2P and OTP market sector. ATWS is made up of several modules, which work synchronously and harmoniously in order to manage the entire SMS supply chain, from incoming receipt to delivery to the end customer, using a specific supplier and also including all the non-technical components such as analysis, billing and management of relations with other entities.

The modules that make it up are:

- Sampei & SMSC.net (Module related to the S.A.M.P.E.I. AntiSpam System to optimise the filtering of spam-type SMS and limit the sending of malicious SMS with continuous testing);
- Pocket & Pocket evolution (Module related to the management of the general infrastructure of core services and competitively executable modules from the ATWS platform);
- Adaptive Routing (Module related to the semi-automatic selection of the best supplier in terms of quality/price for each individual customer/SMS);
- OC9 (Module related to the portability and use on the cloud of the ATWS platform regardless of the infrastructure provider);
- MNP (Module relating to a millimetric management of the use of the dedicated db and fed by Ministerial data relating to the portability of utilities);
- IMSI.io (Module for an open public testing system consisting of backend and Android application);
- GTS (Module for a closed testing system for simultaneous monitoring and multiple testing of SMS route providers);
- AntiPhishing (Module relating to the AntiPhishing System to optimise the filtering of phishing-type SMS messages and to limit the sending of malicious SMS messages automatically and preventively).

The combination of infrastructures and modules allows Agile to have software that is easily maintainable, quickly upgradable and ready to deploy in every possible customer environment, even remotely and without an on-site visit.
The structure also minimises the customer’s FTEs that have to maintain it, as it is designed to offer the best ratio in terms of self-maintenance of the modules, which can also be easily updated remotely.
By developing this project, work efficiency can be improved and risk reduced, resulting in lower costs and maximisation of the relative margin. The project is expected to be completed by June 2024.

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

- The idea behind this project stemmed from the realisation that there was a need to offer telecommunication service providers an advanced and comprehensive solution for sending SMS messages that would guarantee maximum efficiency and cost-effectiveness. Initially, we focused on defining the specifications of the project, which involved creating a cloud-based platform capable of handling large amounts of messages with speed and reliability.

- To achieve this, we have invested a lot of resources in research and development, using the most advanced technologies in the field of telecommunications and cloud computing. In particular, we developed data compression and load balancing algorithms to ensure maximum efficiency in message handling.
- In parallel, we have started a process of collaboration with several companies in the telecommunications sector, in order to better understand our customers' needs and adapt our platform to their specific requirements. Through these partnerships, we were able to gather important feedback and suggestions, which allowed us to continuously improve the quality and efficiency of our platform.
- Finally, once the development phase was completed, we moved on to the implementation phase at ZamTel, our first customer. At this stage, we worked closely with the ZamTel team to integrate our platform with their existing systems and ensure a smooth implementation. Thanks to our platform, ZamTel was able to handle large amounts of messages with ease, increasing efficiency and reducing costs.
- In summary, the Pocket Evolution project represents a significant result of our research and development activities, which saw our team engaged for over a year in the creation of a state-of-the-art platform for sending SMS to other operators. Thanks to our determination and the advanced technologies used, we were able to create a high-performance solution, which has already found great success with our first customer, ZamTel. The project was concluded in December 2023.

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

JSMPP is a library on which our SMS traffic management core is based. It is a powerful software application that allows users to effectively manage SMS, taking advantage of the robustness and flexibility of the JSMPP library. Designed with the aim of providing an intuitive user experience, the software integrates advanced messaging features.

These are the main features:

- Sending and Receiving: the software supports the sending and receiving of SMS messages in real time, offering users seamless SMS communication.
- User-friendly interface: the software interface is designed with the user in mind, making complex tasks such as managing mass messaging campaigns simple.

- Report and Analysis: users can monitor the effectiveness of their SMS campaigns through detailed reports and performance analysis.
- Multi-language support: the software can handle SMS in several languages, making it ideal for global companies and multilingual applications.
- Extensibility: in addition to being powerful in its own right, it is designed to be easily extensible, allowing developers to add new functionality as required.
- The typical use of the software is perfect for companies needing a reliable messaging solution, marketers conducting SMS campaigns and anyone needing advanced SMS management.

From the combination of all the features listed above, a considerable cost-benefit can be achieved. The project was concluded in April 2023.

Other R&D Projects

ERP digital transformation project with Oracle NetSuite

In the 2023 financial year, following the signing of the financing agreement with Invitalia and the Ministry of Enterprise and Made in Italy, the reporting activities of the ERP digital transformation project with Oracle NetSuite were carried out for the allocation of the subsidies provided by the **Digital Transformation** tool, the incentive established by the Growth Decree that favours the technological and digital transformation of the production processes of micro, small and medium-sized enterprises.

The contract with MIMIT and Invitalia was signed at the end of the 2022 financial year and the project reporting work was carried out in January 2023. Since all the expenses reported were entirely incurred in previous years, with the project ending on 30/06/2022, the disbursement of the subsidies was requested in a single instalment (single SAL). The cost items covered include part of the payroll costs, consultancy, general expenses, tools and equipment.

Reported expenditures amounted to Euro 361,100, compared to Euro 359,280 declared at the project submission stage, divided between two implementation objectives as follows:

- Horizon 1 - 100% complete: Euro 150,000 reported;
- Horizon 2 - 100% complete: Euro 209,280 reported.

Growens is the beneficiary of subsidies amounting to 50% of the expenditure, of which 10% will be disbursed in the form of a grant and 40% in the form of a facilitated loan. Against an admitted project worth Euro 500,000, a total subsidy of Euro 250,000 was granted, of which Euro 50,000 in the form of a non-repayable grant and Euro 200,000 in the form of a facilitated loan. The request for disbursement of the subsidies is at the end of the year in the preliminary investigation phase, managed entirely by Invitalia.

The NIMP project - New Innovative Multilateral Platform

In the financial year 2023, was the conclusion of the disbursement of the last instalment of the grant provided for in the ICT - Digital Agenda call for tenders in reference to the final SAL (fifth SAL) of the NIMP - New Innovative Multilateral Platform project, which started in March 2018 and ended in September 2021.

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

- Industrial Research - 100% complete: Euro 455,288 reported against Euro 453,484 forecast;
- Experimental Development - 100% complete: Euro 6,668,054 reported against Euro 5,803,892 forecast.

The overall disbursement under the ICT - Digital Agenda program, including a non-repayable grant and low-interest financing from Cassa Depositi e Prestiti and Banca Popolare dell'Emilia Romagna, covered 60% of the total cost of the project, including part of the payroll costs, consultancy, general expenses, tools and equipment. The disbursement of the last instalment of the non-repayable grant, amounting to Euro 125,147, pertaining to the fifth and final project SAL, took place on 14 July 2023, while on 11 September 2023, the contract for the last instalment of the facilitated loan, amounting to Euro 379,200, was signed with BPER, which was disbursed on the same day.

Transactions with subsidiaries, associates, parents and other related companies

In 2023, the Growens Group implemented transactions between its parent company, subsidiaries and associates included in the scope of consolidation, associates and other related parties that were part of its core business. Interventions all aimed to promote development in a synergic context that favours positive integrations and lastly, the efficiency of processes in the Group. No atypical or unusual operations were carried out with respect to normal business management. Transactions essentially concern the provision of services that are part of the Group's core business, the holding activities provided by the parent company, such as accounting, legal, human resource management and administrative services in general, as well as the provision of technological services relating to the development of the Group's proprietary platforms and the management of the shared technology infrastructure. Said relations come under the scope of ordinary business management and are stipulated at arm's length, or at the conditions that would have been established between independent parties.

Company name	Receivables	Payables	Other payables	Dividends	Revenues	Costs
Agile Telecom	168,168	546,381	-	1,870,429	1,405,709	1,953,642
BEE Content Design	6,978,669	-	1,449		7,648,334	8,781
Subsidiaries	**7,146,837**	**546,381**	**1,449**	**1,870,429**	**9,054,043**	**1,962,422**
Consorzio CRIT Scarl	24,799	1,171	70,000		868	8,880
Associates	**24,799**	**1,171**	**70,000**		**868**	**8,880**
Floor Srl	17,932					80,551
Other related parties	**17,932**					**80,551**

Agile Telecom

At year-end 2023, the parent company had the following economic-financial relations with Agile Telecom: receivables related to intercompany contracts for Euro 168,168, payables for Euro 546,381 arising from Group VAT managed by Growens, revenues for Euro 1,953,642 related to intercompany staff services provided by the parent company, and costs for Euro 1,405,709 related to SMS mailings provided by Agile Telecom to the MailUp BU before the sale to TeamSystem.

Bee Content Design

At the close of the 2023 financial year, the parent company had the following economic-financial relations with its US subsidiary: receivables related to intercompany contracts in the amount of Euro 6,978,669, payables in the amount of Euro 1,449, revenues in the amount of Euro 7,648,334 related to intercompany staff and R&D services provided by Growens staff, and costs in the amount of Euro 8,781. The Group is thus allocating significant and growing resources to support the improvement of Beefree, strengthening the Italian teams dedicated to the technological part and other functions within the parent company, in parallel with the organisational growth underway in the United States.

For the associated company Consorzio CRIT Scarl, on 7 November 2023, Growens disbursed a non-interest-bearing loan in the amount of Euro 70,000.

The real estate company Floor S.r.l., owned by some of the parent company's reference partners, has signed with Growens the lease contract for the building where the offices of the Cremona premises are located. The items highlighted refer to the existing real estate lease related to 2023. The receivable amounting to Euro 17,932 relates to the sale of capital goods referring to the aforementioned building.

With regard to transactions with related parties attributable to Directors, please refer to the specific section Fees to Directors and Statutory Auditors in the Notes to this document.

Treasury shares and shares/units of parent companies

In January 2023, a total of 750 shares were purchased for Euro 3,168.62 at an average price of Euro 4.224828 per share. These purchases were made as part of the programmes approved by the shareholders' meeting on 21 April 2022. Subsequently, the meeting of 20 April 2023 resolved the authorisation to purchase and sell treasury shares and in particular the following:

- to revoke the previous resolution authorizing the purchase and disposal of treasury shares of 21 April 2022 with effect from the date of the meeting;
- to authorize the Administrative Body, and for it the Chair pro tempore, with ample faculty of sub-delegation, to carry out operations involving the purchase and disposal of treasury shares to:

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

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

On 18 September 2023, the ordinary shareholders' meeting of Growens resolved unanimously (therefore with the majorities envisaged by article 44-bis of Consob's Issuers' Regulations), inter alia, to (i) revoke, for the part not executed, the previous resolution authorising the purchase and sale of treasury shares adopted by the shareholders' meeting of 20 April 2023; (ii) authorise the Board of Directors, pursuant to and for the purposes of article 2357 of the Civil Code, to purchase a maximum of 2,647,058 ordinary treasury shares, to be carried out through a public tender offer to be promoted by the Company pursuant to article 102 of the Consolidated Finance Act (TUF); (iii) establish that the price of the ordinary treasury shares to be purchased is equal to Euro 6.80 per share and that the duration of the authorisation is eighteen months from the date of the same shareholders' meeting resolution.

On 9 October 2023, the Company filed with Consob the offer document for publication, relating to the voluntary partial tender offer pursuant to article 102 of the Consolidated Finance Act (TUF) promoted by Growens itself on a maximum of 2,647,058 treasury shares. On 9 November 2023, the offer document relating to the voluntary partial tender offer promoted by Growens on its treasury shares was published, as well as filed with Consob and made available to the public for consultation, following Consob's approval by Resolution no. 22870 of 8 November 2023.
The acceptance period for the public offer ran from 13 November to 6 December 2023, with payment on 13 December 2023. A total of 4,987,932 Shares were tendered, representing approximately 188.433% of the shares in the offer and approximately 32.403% of Growens' share capital. The allocation was therefore made according to a coefficient of approximately 53.069% and, as a result, 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.
Therefore, taking into account the 2,647,058 shares subject to the offer as well as the 62,583 treasury shares already held by Growens, Growens holds a total of 2,709,641 shares, equal to approximately 17.6% of the relevant share capital for a total amount of Euro 18,280,938 as resulting from the relevant negative equity reserve. The overall average purchase price of treasury shares during the financial year 2023 was Euro 6.79927.

Use of subjective estimates and valuations

The draft of the financial statements requires from the Directors the application of standards and methods which, in some cases, are based on difficult and subjective evaluations and estimates based on historical experiences and assumptions which are each time considered reasonable and realistic based on the relative circumstances. The application of these estimates and assumptions influences the amounts shown in the financial statements – the Statement of Financial Position, the Statement of Comprehensive Income, the Statement of Changes in Equity and the Cash Flow Statement – as well as the disclosure supplied. The final results of the balance sheet entries, for which the aforesaid estimates and assumptions have been used, may differ from those posted on the balance sheet that represents the effects of the estimated event, due to the uncertainty that characterises the assumptions and conditions on which the estimates are based. The topic of impairment of assets, strongly impacted by the use of estimates and valuations, is mentioned below, for which a change in the conditions underlying the assumptions used could have a significant impact on the consolidated financial data.

Impairment of assets

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

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

Risk analysis

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

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

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

Risks related to the general economic trend

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

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

Market risks

The sectors in which the Group operates are characterised by rapid technological development and suffer the competitive pressure deriving from the fast pace of development of technology. The Group's success depends, amongst other aspects, on the capacity to innovate and strengthen its technologies, in order to respond to the technological progress in the sector in which it operates. The Group may consequently find itself having to cope with a more acute competition by virtue of the emerging technologies and services that may be introduced or implemented in the future. The new technologies, in fact, may limit or reduce the company's business and/or encourage the development and growth of new operators.

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

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

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

The extraordinary transactions of the sale of the ESP business unit and the former Dutch subsidiary Datatrics BV, outlined in detail above, can also be traced back to a general derisking strategy implemented by the Group by reducing the breadth and complexity of its reference markets and concentrating its development focus on the growth potential of its US subsidiary Beefree, supported by a consolidated business such as that represented by Agile Telecom.

Risks related to financial operations

Credit risk

The credit risk is determined by the exposure to potential losses deriving from failure by counterparties to fulfil the obligations they have assumed. Credit management is entrusted to the Group finance and administration department, which, on the basis of formalised assessment and appointment procedures of commercial partners, seeks to minimise the risk. The recent cyclical developments have encouraged the adoption of more stringent procedures for quantifying and controlling customer risk level. To reduce the risk of insolvency arising from trade receivables, the focus is on encouraging the use of electronic payments by customers, in particular of the Beefree BU. The share of collections deriving from electronic payments is historically very substantial, improving the quality of trade receivables and reducing the impact of the costs of debt collection.

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

Liquidity risk

The liquidity risk consists of the impossibility of respecting payment commitments due to difficulties in obtaining funds or liquidating assets on the market. The consequence is a negative impact on the economic results if the Group is forced to incur additional costs to fulfil its commitments or, as an extreme consequence, a situation of insolvency that risks the company as a going concern. The Growens Group currently enjoys good liquidity, also thanks to its admission to trading on the Euronext Growth Milan market and its excellent relations with the banking system. Financial debt is mainly aimed at supporting strategic investments, particularly in research and development of its products.

In order to optimise the management of financial resources and reduce the liquidity risk, the Group has adopted processes for the systematic monitoring of prospective liquidity conditions, in connection with business planning. The Group expects to meet its financing needs from available liquidity and cash flows from operations. Future projections of the Group's financial performance suggest that the prospective financial resources, together with current availability, will be able to ensure adequate support for operations and planned ordinary and extraordinary investments.

Therefore, the liquidity risk is not considered to be significant, especially in view of the proceeds realised from the sale of the ESP BU and Datatrics BV completed in 2024 in excess of Euro 73 million, net of the amounts tied up in Escrow.

Interest rate risk

The parent company has historically made moderate use of financial leverage through the banking channel, mainly in the medium and long term, benefiting from the previous favourable trend in debt costs, to support extraordinary external growth operations, investments relating to software development activities and other strategic investments. The underlying loan contracts envisage terms and conditions that are in line with market practice. The loans are connected with the risk of interest rate changes, as they are partly negotiated at variable rates. The current economic situation has already led to a significant rise in reference rates such as the Euribor, which could be followed by further upward corrections. The future rise in interest rates may result in an increase in related financial expenses with consequent negative effects on the economic and financial situation of the Company, even if the prevalence of own financial resources compared to recourse to indebtedness to third parties reduces the possible impact. The aforementioned collection of large sums deriving from the extraordinary sale transactions carried out in the current year and the resulting available liquidity made it possible to further rationalise the structure of financial debt, significantly reducing the portion financed at variable rates and the corresponding risk arising from any unfavourable fluctuations.

Exchange rate risk

There are trade receivables and payables held in foreign currencies by Growens mainly with regards to the foreign subsidiary Bee Content Design, as well as marginal amounts for trade payables and receivables in foreign currencies with third-party suppliers and customers, also relating to other Group companies. The consolidated values of the US subsidiary are denominated in foreign currencies, in particular US Dollars, which are subject to exchange rate fluctuations against the Euro in some cases. The current exposure to risks associated with exchange rate fluctuations is believed to be reduced, with potentially increasing risk in relation to future growth in terms of Beefree activity volumes. For this reason, the Finance function within the Holding regularly monitors the trend of the risk and resorts to hedging operations in order to limit possible negative effects deriving from extremely unfavourable developments in the Euro/Dollar exchange rate.

Risk of recovery of assets

The risk of recovering the value of the assets held by the Group refers to the economic and financial performance of the consolidated companies and the capacity to produce sufficient cash flow to guarantee recovery of the investment value. This risk is monitored by the management through the regular verification of economic results, including under the scope of specific valuation procedures, such as, for example, by carrying out impairment tests at least annually or more frequently where there are indicators that the value recorded is not fully recoverable.

Risks related to external unlawful acts

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

Reputational and Corporate Social Responsibility (CSR) risks

In carrying out its business, the Group may be subject to worsening of the perception of trust and reputation by its stakeholders due to the dissemination of prejudicial news or failure to meet the sustainability requirements defined in the CSR Report with reference to the economic, environmental, social and product aspects. The Group is particularly sensitive to these issues, including environmental sustainability, an ethical approach to business and the containment of related risks, to which it is dedicating more and more resources, as reflected in the ESG consolidated report published annually on a voluntary basis and freely available on the Group's website.

Environmental risks

Group companies and the parent company itself are located in areas not subject to particular environmental risks such as floods, earthquakes and landslides. The climatic changes in recent years, which have resulted in torrential rainfall, including very violent events such as water bombs and tornadoes, especially in the summer period, do not create foreseeable problems for business continuity. The companies are all insured against damage, the facilities in which they operate are safe and in accordance with the law. To date, no significant damage has ever occurred as a result of sudden and intense climatic events. It can therefore be stated that, apart from expecting the Company to continue as a going concern, we do not assess any particular problems in this area that could cause significant material damage to equipment and infrastructure and consequent impacts on the economic-financial level.

Significant events after the end of 2023

On 22 January 2024, Growens announced the appointment of SaaS and e-mail marketing veteran Justine Jordan as Head of Strategy & Community at Beefree, the leading Business Unit offering no-code design tools that enable the simple and fast creation of digital content for everyone. In her new role, Justine Jordan will join the Management Team and report directly to Beefree CEO, Massimo Arrigoni. Her responsibilities will include steering the company's strategic choices and ensuring the alignment of top management to key decisions. She will also ensure that all employees are fully involved in the strategic objectives and will lead community-focused initiatives.
Throughout her career, Justine Jordan has contributed significantly to the evolution of the e-mail marketing industry. Named E-mail Marketer Thought Leader of the Year in 2015, she has led the marketing of high-growth B2B SaaS companies, contributing to successful results (such as Salesforce's acquisition of ExactTarget) and holding key roles in companies such as Wildbit, Litmus, Help Scout, Postmark and ActiveCampaign.

Outlook

The sale of the ESP (Email Service Provider) business, amply referred to previously, may help mitigate the risk of Growens' position in mature businesses. The proceeds will mainly go towards the development of Beefree.
In 2015, Beefree was launched as an internal growth hacking experiment. It was spun off in 2017 and is now based in San Francisco, with a technology team based in Italy. With more than 1 million free users as at December 2023, the business unit recorded a growth rate of 19% year-on-year with an ARR, Annual Recurring Revenue, a major metric among SaaS tools, of more than USD 12 million, confirming its vocation as a fast-growing BU.
Beefree's future growth strategy will be based on organic growth, with an announced investment of Euro 15 million over the three-year period 2024-2026 that will focus on the areas of R&D and M&A. This is coupled with an opportunistic approach to external growth. In detail, the main investment lines are: 1) investments in Sales & Marketing, aimed at increasing brand awareness; 2) research & development, with the implementation of incremental and disruptive innovations (e.g. connectors, AI functions); and 3) M&A. Management is in the process of scouting in the Beefree field, in particular for players that can complement the company's offer, technology or human resources to support the Beefree S&M strategy.
Agile Telecom is expected to continue its growth by exploiting a scalable, high-conversion business.

Organisation, Management and Control Model pursuant to Legislative Decree no. 231/2001

In compliance with the provisions of Legislative Decree no. 231 of 8 June 2001 ("**Decree 231**"), in 2015, Growens adopted its own organisational model and its own Code of Ethics meeting the requirements of the Decree.

In collaboration with professionals with proven experience, during the last months of 2017, a complex internal audit and review process was started, which ended with the approval by the Board of Directors meeting held on 15 May 2018 of a new organisational model ("**Model 231**") and a new Code of Ethics ("**Code of Ethics 231**"). On the same date, the administrative body also appointed the Lawyer Gabriele Ambrogetti as the Company's single-member Supervisory Body, which, at the end of the first term of office, has been confirmed once again until approval of the financial statements as at 31 December 2023.

In order to better manage the Company's business and, more generally, the activities of the Group to which it belongs, over the years the Company has, therefore, paid particular attention to issues related to compliance and compliance with Decree 231, carrying out constant audits, providing specific training to its employees and updating, where necessary, its Model 231 and its Code of Ethics 231.

In this context, it should be noted that, in light of the so-called Whistleblowing Directive, as well as Legislative Decree no. 24 of 10/03/2023 and the ANAC Guidelines adopted by the latter authority with ANAC Resolution no. 311 of 12 July 2023, the Company proceeded to revise its procedure on whistleblowing matters (the "**Whistleblowing Procedure**") and to select a special software for managing whistleblowing reports and to provide specific training to Company staff.

At the same time - following the extraordinary transaction that led to the sale, respectively, to TeamSystem S.p.A., of the business line dedicated to e-mail marketing, and to Squeezely BV, of 100% of the share capital of the Dutch subsidiary Datatrics B.V., and the consequent substantial change in the corporate model - the Supervisory Body decided to carry out a single audit on the special parts aimed at preventing the types of offences provided for in article 25-septies of Legislative Decree no. 231/2001 on health and safety in the workplace. The verification activities conducted revealed the Model's suitability to prevent the commission of so-called predicate offences without the emergence of non-compliance.

Moreover, following the extraordinary transactions mentioned above, as well as in light of certain new relevant offences within the scope of 231 introduced by the Italian legislature, the Company started and concluded a review of its Model 231 and its Code of Ethics 231, in order to reflect the changed corporate structure and to revise the mapping of risk areas and the related controls.

In order to provide an in-depth understanding of the legal implications and responsibilities associated with the legislation in question and at the same time strengthen staff awareness, the Company has provided specific training focused on the special parts of Model 231 concerning the following predicate offences:

- Tax Offences

- Offences of Market Abuse
- Corporate Offences
- Safety at Work

Consistent with what has been done in the past, during the current year, the Company plans to conduct an audit of specific special parts of Model 231.

During these months, the Supervisory Body met with the Board of Statutory Auditors and the auditing firm in order to share information flows and the results of their respective activities, and was constantly updated on the main corporate news.

Finally, it should be noted that the mandate of Lawyer Gabriele Ambrogetti as Supervisory Body - expiring with the approval of the annual financial statements as at 31 December 2023 - will be renewed for a further period of three years.

Personal data processing

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

In particular - for the purposes of better management of the Company’s business and, more generally, of the activities of the Group to which it belongs - the support of an external Data Protection Officer (“**DPO**”) remains confirmed, i.e. a highly qualified, independent figure also having experience in the personal data protection sector, who continues to carry out this function for the benefit of the entire Group.

Following the corporate transactions that took place in 2023, the “Organisational Model for the protection of personal data” (“**MOP**”, also known as the “**Group Data Protection Compliance Framework**”) was also confirmed, as a tool for aligning the Group’s policies and demonstrating that the processing of personal data is carried out in accordance with the GDPR. The MOP has been localised on all Group companies and reflects the position they want to adopt in relation to the processing of personal data, containing policies and procedures aimed at establishing a comprehensive internal framework on the processing of personal data - rules, standards and guidelines to be followed by employees and staff - but also to demonstrate the various measures implemented by the Group to comply with the various applicable privacy and data protection laws. In particular, the objective of the MOP continues to be to ensure a coherent and solid level of protection of personal data processed in the context of the activities carried out by Group companies, regardless of where said activities may take place. In addition to policies and procedures that cover all relevant aspects and obligations that must be considered in the processing of personal data, the MOP also includes various operational documents - such as models, questionnaires, assessment tools and fact sheets - to assist employees and staff of the Company in daily operations.

During 2023, the treatment records of Group companies were reviewed and updated, and a similar process was conducted in relation to the so-called “LIA - Legitimate Interest Assessment” with respect to processing activities based on the legal basis of legitimate interest and carried out by individual companies. Documents were also updated in relation to new personal data processing initiatives and activities carried out by the Company in its capacity as Data Controller or Data Processor.

Assessments continued on the data protection impacts of the implementation of AI-based tools within the tools provided or used by some Group companies. With the aim of minimising the risks associated with such integration, and in anticipation of the imminent legislative developments in Europe regarding the regulation of the use of Artificial Intelligence, a Policy on the Use of Artificial Intelligence Tools has been drafted and is currently being finalised.

With particular reference to the adoption of Legislative Decree no. 104 of 27/06/2022 (the so-called “Transparency Decree”), the DPO supported the Company in concluding the appropriate in-depth investigations aimed at understanding the existence of processing operations and/or systems that fall within the application of said rule, in light of which, a Data Protection Impact Assessment (DPIA) was drawn up - for some identified instruments - insofar as they were considered potentially suitable for scoring particular categories of interested parties (in particular, employees and candidates), without prejudice to the need to proceed in the future with any further and appropriate privacy assessment in relation to any relevant tools and/or updates in this regard.

Regarding the adoption of Legislative Decree no. 24 of 30/03/2023 (the so-called “Whistleblowing Decree”), the Company concluded the necessary privacy activities, starting with the revision of the relevant privacy-side documentation as well as the relevant procedure already adopted by Growens and forming part of the implemented “Organisational Model for the Protection of Personal Data”. In addition, with the support of the DPO, a careful evaluation of the platforms dedicated to the management of reports was carried out in order to identify the one providing adequate guarantees of compliance, and an impact assessment (DPIA) was consequently carried out for the processing operations carried out in the context of the management of reports through the chosen platform.

During 2023, the DPO also conducted data protection training in order to spread data protection awareness among the staff of Group companies, with a focus on the GDPR, new regulations and, in general, the privacy legislative framework applicable to the processing activities carried out by the Group. In continuity with what has already been done, the most appropriate ways of planning subsequent training activities will also be evaluated.

Finally, the Company - with the support of the DPO - proceeded to carry out the privacy-related activities related to the sale transaction concluded with TeamSystem S.p.A. on 13 July 2023, which led to the transfer of the companies MailUp S.p.A. (formerly Contactlab S.p.A.) and Acumbamail SL.

Thank you for the trust placed in us.
Milan, 19 March 2024
The Chairman of the Board of Directors
Matteo Monfredini

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 AND COMPREHENSIVE INCOME STATEMENT AS OF 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

7. Independent Auditors' Report on the Consolidated Financial Statements as at 31/12/2023

GROWENS S.P.A.

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

Consolidated financial statements as of December 31, 2023

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

GSN/VDL/fbs - RC037242023BD1145

BDO

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Viale Abruzzi, 94
20131 Milano

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

To the Shareholders of
Growens S.p.A.

Report on the consolidated financial statements

Opinion

We have audited the accompanying consolidated financial statements of Growens Group (the "Group"), which comprise the consolidated balance sheet as of December 31, 2023, the consolidated income statement and statement of comprehensive income, the consolidated statement of changes in shareholders equity, the consolidated statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as of December 31, 2023, of the result of its operations and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis of opinion

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

Emphasis of matter - sale of "Email Service Provider" business unit and Datatrics BV

Without modifying our opinion, we draw attention to the paragraph entitled "Application of IFRS 5" contained in the explanatory notes, with reference to the sale of the "Email Service Provider" business unit to TeamSystem S.p.A. and the consolidated entity Datatrics BV to Squeezely BV, and the related impacts on the consolidated financial statements.

Responsibilities of directors and those charged with governance for the consolidated financial statements

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

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

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

BDO

Auditor's responsibilities for the audit of the consolidated financial statements

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

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

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

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

Report on other legal and regulatory requirements

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

The directors of Growens S.p.A. are responsible for the preparation of the report on operations of Growens Group as of December 31, 2023, including its consistency with the consolidated financial statements and its compliance with the applicable laws and regulations.

We have performed the procedures required under audit standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations with the consolidated financial statements of Growens Group as of December 31, 2023 and on its compliance with the applicable laws and regulations, and in order to assess whether it contains material misstatements.

In our opinion, the report on operations is consistent with the consolidated financial statements of Growens Group as of December 31, 2023 and is compliant with applicable laws and regulations.

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

Milan, April 3, 2024

BDO Italia S.p.A.
Signed in the original by
Giuseppe Santambrogio
Partner

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

8. Growens 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 AND COMPREHENSIVE INCOME STATEMENT AS OF 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

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

REPORT BY THE BOARD OF AUDITORS
TO THE SHAREHOLDERS' MEETING PURSUANT TO ART. 2429, paragraph 2 of the Italian Civil Code,
FINANCIAL STATEMENTS AS AT 31.12.2023

To the Shareholders' Meeting of GROWENS SPA
This Report has been approved by the board in time for its deposit at the Company's office within 15 days prior to the convening of the Shareholders' Meeting to approve these financial statements.
The administrative body has made the following documents available, approved on 19.03.2024 relative to the financial year ended on 31.12.2023:

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

The layout of this report is in accordance with the provisions of law and rules of conduct of the board of auditors issued by CNDCEC.
The Financial Statements is certified by BDO ITALIA Spa, appointed by the Shareholders' Meeting on 20.04.2023 until approval of the Financial Statements at 31.12.2025.
The Board of Statutory Auditors in office at the date of this Report took office following its appointment at the same Shareholders' Meeting of 20.04.2023: in this regard, please note that its term of office will end with the Shareholders' Meeting convened for the approval of the Financial Statements as of 31/12/2025.

General introduction

The Board of Auditors already mentioned in the previous report to the financial statements that the administrative body has chosen to adopt, as from FY 2016, the international accounting standards IAS/IFRS.
The Board of Auditors acknowledges that during the year, for all Auditors, on the basis of the declarations made by the Auditors and information that is in any case available, it has assessed both the lack of any grounds for forfeiture, ineligibility and incompatibility as envisaged by articles 2382 and 2399 of the Italian Civil Code and by article 148 of Italian Legislative Decree 58/9, and compliance with the independence requirements established by the law, on the basis of the criteria set forth by the Rules of Conduct of the Board of Auditors, drafted by the Italian National Board of Chartered and Certified Accountants. In particular, it is acknowledged that no events took place that may cause the requirement of independence to be lost with respect to the verification performed at the time of appointment.
No Auditor has had any interest, on their own behalf or for third parties, in a given operation carried out during the year.
This report therefore summarises the activities concerning the information envisaged by article 2429, par. 2 of the Italian Civil Code and, more specifically:
•the activities carried out in the performance of duties provided for by law;
•the observations and proposals regarding the financial statements, with particular reference to the possible use by the board of the derogation referred to in article 2423, par. 5 of the Italian Civil Code;
•the possible receipt of complaints from shareholders under article 2408 of the Italian Civil Code;
•the results of the financial year.
In any case, we remain at your disposal for further information on any aspects during the meeting discussion.

Meeting attendance of the corporate bodies

In the current composition, the Board of Auditors attests that in 2023, the Board of Auditors held two meetings, attended one Shareholders' Meeting and the seven meetings of the Board of Directors.

Since the closure of the financial statements and up to the date of this report, the Board of Auditors has met once.

The activities carried out by the Board regarded, in terms of time frame and both in the current and previous composition, the whole year; during the year, the meetings were held regularly pursuant to article 2404 of the Italian Civil Code and specific minutes were duly prepared of said meetings, signed in acknowledgement of unanimous approval.

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

By attending the meetings of shareholders and the Board of Directors, the Board of Auditors has monitored compliance with the provisions of the Articles of Association, the law and regulations, governing the operation and function of the Company's bodies and compliance with standards of correct administration. The frequency of the meetings of the Board of Directors, the average percentage attendance by Directors and meeting duration were appropriate and no significant resolutions were passed without suitably informing the Directors and Auditors. The Board of Auditors verified that all resolutions were passed in the interests of the Company and supported by suitable documentation.

The disclosure obligations relating to regulated or inside information or that required by the Supervisory Authorities, were duly fulfilled.

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

The Board of Auditors has acquired suitable information from the Directors, at least once a quarter, on the activities pursued by the Company in the various sectors in which it operates, including through subsidiaries, and on the most important operations in terms of profit and loss, cash flows and the financial position. Also on the basis of the information flows acquired as part of its supervisory activities, the Board of Auditors has successfully ascertained that the action resolved and implemented was compliant with the law and the Articles of Association and not evidently imprudent or risky, in potential conflict of interests or in conflict with resolutions passed by the Corporate Bodies or such so as to risk the integrity of the Company's assets. The Board of Auditors has also monitored compliance with the Guidelines, Standards of Conduct and Procedures in force in the Group, as well as compliance with the processes whose outcome is submitted to the attention of the Directors and on which they resolve.

The Board of Auditors has acquired knowledge of and monitored, insofar as it is competent to do so, compliance with standards of correct administration, including through the information received directly from the parties responsible for the various corporate departments and the Independent auditing firm.

On the basis of the information acquired during the supervisory activities, it has been seen that the operations of greatest importance in terms of profit and loss, cash flows and financial position carried out by the Company, including through direct or indirect subsidiaries, were the following:

- Sale of the business unit MailUp, as well as the entire shareholding (equal to 100%) in the capital of the companies Contactlab S.p.A., Acumbamail S.L., MailUp Nordics A.S. and its subsidiary Globase International A.p.S.;
- Modification of directorship agreements with related parties regarding the remuneration of members of the Board of Directors;
- Voluntary partial tender offer for treasury shares;
- Sale of 100% of the shareholding held by Growens in Datatrics B.V;

- Authorisation for the purchase and disposal of treasury shares pursuant to article 2357 of the Italian Civil Code.

It is also noted that the Articles of Association have been amended to broaden the company purpose in order to specifically include among the Company's characteristic activities also the activity of "assumption and management of shareholdings for investment purposes" as well as the transfer of the registered office to the Municipality of Milan.

All the above operations have been suitably explained and presented during the meetings of the Board of Directors called to pass the related resolutions and fully explained in the Report on Operations for FY 2023, which also provides a complete update on the evolution of the reference legislative framework.

Market abuse legislation

The Board of Auditors monitored the fulfilment of the duties connected with Market abuse legislation regarding corporate disclosures and internal dealing (the procedures of which were reviewed and updated in 2023), with specific reference to the processing of inside information and the procedure for issuing press releases and public information. More specifically, the Board of Auditors has monitored compliance with provisions on the update of the Register of persons having access to inside information.

Supervisory activities regarding transactions with subsidiaries

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

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

Supervisory activities of infra-group and related party transactions

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

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

Opinions given by the Board of Auditors

The Board of Statutory Auditors has expressed the following opinions during the financial year and in the current composition: a) Opinion pursuant to Article 2437 - ter of the Italian Civil Code on the liquidation value of the shares in the event of the exercise of the right of withdrawal due to a change in the corporate purpose; b) legitimacy and merit of the fixed remuneration and severance indemnity to be paid to certain Directors.

Supervision of the suitability of the organisational structure

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

Requirements connected with Legislative Decree no. 231/2001

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

Privacy regulations

During the financial year, the Group adequately applied its security policies in order to ensure a proper level of protection of personal data subject to processing in application of the regulatory changes introduced by the new EU Regulation 2016/679 on data protection, which came into force in all European countries on 25/05/2018, known as GDPR (General Data Protection Regulation): to this end, it is noted that the company has formally appointed ICTLC S.p.a, a company using the expertise of ICT Legal Consulting and ICT Cyber Consulting, as Data Protection Officer, and has provided the contact details of the Data Protection Officer to the relevant supervisory authorities in accordance with the law.

Supervision of the suitability of the administrative-accounting system

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

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

Omissions or inappropriate actions

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

- during the course of its activities, no omissions or irregularities or inappropriate actions or in any case significant actions worthy of note took place, which would need to be reported to the control bodies or described in this report;
- we have not filed any reports to the administrative body pursuant to Article 25-octies of Legislative Decree No. 14/2019;
- the Board of Auditors did not receive any notifications in accordance with article 2408 of the Italian Civil Code or any claims made by third parties;
- no transactions were identified, either with third parties or infra-group and/or with related parties, that suggest any atypical or unusual elements, in terms of content, nature, dimensions and time frame.

Supervision of the statutory auditing of the accounts

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

Supervisory activities with regard to the annual and consolidated financial statements
As regards the annual financial statements, please note the following:
– the Board of Auditors has ascertained, through direct checks and information obtained from the Independent auditing firm, due compliance with the provisions of law governing the preparation and structure of the financial statements and Report on Operations, the tables of the financial statements used, certifying the correct use of accounting standards as described in the Notes to the financial statements and Company's Report on Operations;
– the Notes to the financial statements give, where necessary, the information required by the international accounting standards on impairment. Compliance of the impairment testing procedure with the requirements of IAS 36 and the Joint Document prepared by the Bank of Italy/Consob/Isvap no. 4 of 3 March 2010 was adequately assessed by the Board of Directors in the meeting held on 19.03.2024. The Board of Statutory Auditors shared the assessments made by the Directors.
The financial statements are compliant with the events and information of which the Board of Auditors has become aware under the scope of the exercise of its duties of supervision and its powers of control and inspection.
The Report on Operations meets legal requirements and is coherent with the data and results of the financial statements; it provides an extensive disclosure on the important activities and operations, of which the Board of Auditors had been promptly made aware, and on the main risks of the Company and subsidiary companies and on infra-group and related party transactions.

Observations regarding the annual financial statements and their approval
The draft financial statements for the year ended on 31 December 2023 have been approved by the administrative body and consist of the Balance Sheet, Income Statement, Notes and Cash Flow Statement. Moreover:
•the documents were delivered to the Board of Auditors in time to allow for their deposit at the Company's office complete with this report, regardless of the terms envisaged by article 2429, par. 1 of the Italian Civil Code,
•the Independent auditing firm has issued its report in accordance with articles 14 and 16 of Legislative Decree no. 39/2010, stating that the annual financial statements as at 31 December 2023 are compliant with the International Financial Reporting Standards - IFRS - adopted by the European Union and the provisions issued in implementation of article 9 of Italian Legislative Decree no. 38/2005 and have been prepared clearly, providing a truthful, correct representation of the equity and financial position, the economic result and cash flow of GROWENS S.p.A. for the year ended as at that date.
The auditing report gives opinions on the consistency with the financial statements of the Report on Operations and information on the Corporate Governance Report pursuant to article 123-bis of Italian Legislative Decree 58/98.
The draft financial statements were therefore further examined, regarding which the following additional information is provided:
•the Board has expressed its consent to the recognition as intangible assets of the development costs for Euro 197,443 in relation to the implementation of strategic software tools for the company and the Group with proven future usefulness;
•as already mentioned, the Company has adopted the international accounting standards IAS/IFRS as from 2016. To this end, the Board of Auditors has ascertained the suitability, in terms of method, of the impairment testing process implemented to ascertain that assets are booked at a value that does not exceed their recoverable amount and that, therefore, they have not suffered impairment to be recognised at the date of year-end close. The Board of Auditors

agreed with the Board of Directors' assessment regarding not applying these measurement processes (impairment test), since there were no signs of a loss of value of intangible assets.

Period result

The net result ascertained by the administrative body in relation to the year ended on 31.12.2023 is positive for Euro 56,069,522.

For all that is explained in this report, the Board of Auditors has no observations to make regarding the approval of the financial statements as at 31 December 2023 and the proposal made by the Board of Directors as to the allocation of the period profit.

Conclusions

On the basis of the foregoing and insofar as the Board of Auditors is aware and as has been seen from the regular controls performed, it is unanimously agreed that there is no reason why you should not approve the draft Financial Statements for the year ended on 31.12.2023 as they have been prepared and proposed to you by the administrative body.

Cremona, 03.04.2024
The Board of Auditors
Michele Manfredini (Chairman)
Donata Patrini (Regular auditor)
Fabrizio Ferrari (Regular auditor)

11. Independent Auditors' Report on the Separate Financial Statements

GROWENS S.P.A.

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

Financial statements as of December 31, 2023

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

GSN/VDL/fbs - RC037242023BD1143

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20131 Milano

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

To the Shareholders of
Growens S.p.A.

Report on the financial statements

Opinion

We have audited the accompanying financial statements of Growens S.p.A. (the "Company"), which comprise the balance sheet as of December 31, 2023, the income statement and statement of comprehensive income, the statement of changes in shareholders' equity, the statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as of December 31, 2023, of the result of its operations and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis of opinion

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

Emphasis of matter - sale of "Email Service Provider" business unit and Datatrics BV

Without modifying our opinion, we draw attention to the paragraph entitled "Application of IFRS 5" contained in the explanatory notes, with reference to the sale of the "Email Service Provider" business unit to TeamSystem S.p.A. and the subsidiary Datatrics BV to Squeezely BV, and the related impacts on the financial statements.

Responsibilities of directors and those charged with governance for the financial statements

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

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

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

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

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Iscritta al Registro dei Revisori Legali al n. 167911 con D.M. del 15/03/2013 G.U. n. 26 del 02/04/2013
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BDO

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

Report on other legal and regulatory requirements

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

The directors of Growens S.p.A. are responsible for the preparation of the report on operations of Growens S.p.A. as of December 31, 2023, including its consistency with the financial statements and its compliance with the applicable laws and regulations.

We have performed the procedures required under audit standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations with the financial statements of Growens S.p.A. as of December 31, 2023 and on their compliance with the applicable laws and regulations, and in order to assess whether it contains material misstatements.

In our opinion, the report on operations is consistent with the financial statements of Growens S.p.A. as of December 31, 2023 and is compliant with applicable laws and regulations.

BDO

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

Milan, April 3, 2024

BDO Italia S.p.A.
Signed in the original by
Giuseppe Santambrogio
Partner

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