



Italy – Marketing Technology

A good set of numbers, strong improvement in margins

13th May 2021

Q1-21 RESULTS RELEASE

RIC: GROWE.MI
BBG: GROW IM

Growens showed once again strong resilience in a quarter characterised to a certain extent by several full lockdown periods. The huge cash available allows the group to exploit M&A opportunities: management confirmed that the group is currently assessing a few opportunities, aimed at integrating a large size SaaS company.

Rating:

Buy

Price Target:

€ 6.00

Upside/(Downside): 37.9%

Last Price: € 4.35

Market Cap.: € 65.5m

1Y High/Low: € 5.74 / € 3.81

Free Float: 36.8%

Major shareholders:

Alberto Miscia	10.7%
Matteo Monfredini	10.6%
Nazzareno Gorni	10.6%
Luca Azzali	10.2%
Matteo Bettoni	10.1%



Estimates, rating and PT confirmed

In Q1-21, Growens (formerly MailUp) achieved growing revenues and a massive improvement in margins thanks to several optimisation and cost saving strategies. It is worth mentioning that Q1-20 was only partially affected by Covid-19 while Q1-21 was, to a certain extent, a period of full lockdown. Furthermore, Growens's reported revenues and EBITDA in Q1-21 represented 22.2% and 23.5% of our FY-21 top line and EBITDA estimates respectively, thus corroborating our 2021 projections. Just by way of comparison, in 2020 Q1 revenues and EBITDA accounted for 24.3% and 10.7% of FY figures respectively, while in 2019 they accounted for 22.0% and 10.1%. Therefore, we confirm our estimates, rating and PT.

Sales up by 4.8% YoY, driven by Agile Telecom, BEE and Acumbamail

Revenues grew by 4.8% YoY to € 16.6m, despite Q1-21 was to a certain extent a period of full lockdown, whilst Q1-20 was only partially affected by Covid-19. Exports grew by 9% YoY to € 9m (54% of total sales). Recurring revenues stemming from SaaS solutions increased 9% YoY to € 4.9m (30% of total sales). MailUp recorded almost steady sales YoY, totalling € 3.9m. The business unit's sales are mostly exposed to Italy, where several clients operating in the fashion, events and travel & hospitality sectors massively reduced their investments in marketing activities. Agile Telecom totalled € 11.0m, up 4.5% YoY. The low demand of drive-to-store SMS also continued in Q1-21 due to the various lockdowns, mainly in Italy. BEE soared 27.2% YoY (+43% at constant FX), reaching € 1.1m, thanks to both an increase in the number of clients and growing revenues per client on the BEE Pro module, which partially counterbalanced the slowdown in BEE Plugin's sales. Acumbamail grew by 34.1% YoY to € 0.5m, mainly thanks to its self-provisioning business model as well as the launch of the new product Gumbamail, embedded into Google Gmail suite. Datatrics experienced a decline of 17.5% YoY, negatively affected by the Covid-19 crisis.

Margins benefited from several optimisation and cost saving initiatives

EBITDA totalled € 1.4m, 8.3% margin (vs € 0.5m, 3.4% margin in Q1-20). The strong improvement in margins was mainly related to the massive increase in gross profit, which soared by 25.7% YoY, more than proportionately to revenues. As a consequence, gross margin rose to 33.7% from 28.1% in Q1-20. This was obtained thanks to several optimisation and cost saving measures, namely: i) a 3% decline in S&M costs mainly as a result of the lack of in-person events and related travel; ii) an improvement in profitability with regard to all the business units, especially Agile Telecom and BEE; iii) a reduction in Datatrics's operating losses thanks to the reorganisation process put in place in 2020. On the other hand, as already disclosed, the group did not suspend or postpone any planned strategic projects, mainly related to R&D (in Q1-21 R&D costs increased by 28.6% YoY). NFP was € 2.0m (net cash) vs € 2.5m (net cash) at end-20. Excluding the IFRS 16 effect, NFP was € 5.6m (net cash). Cash and cash equivalents accounted for € 9.1m.

Growens, key financials and ratios

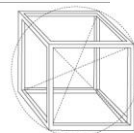
Stock price performance			
	1M	3M	12M
Absolute	2.4%	-6.0%	-4.0%
Rel.to AIM Italia	2.9%	-10.2%	-55.0%
Rel.to Peers median	6.6%	1.8%	-106.2%

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€ m	2019	2020	2021e	2022e	2023e
Total Revenues	60.8	65.2	74.8	84.2	93.7
EBITDA	4.8	5.1	5.4	7.5	9.3
EBIT	1.8	1.4	1.8	4.0	5.8
Net profit	1.2	0.6	1.1	2.5	3.6
NFP (cash)/debt	(2.4)	(2.5)	(4.2)	(7.7)	(12.0)
EBITDA margin	7.9%	7.8%	7.3%	8.9%	9.9%
EBIT margin	3.0%	2.1%	2.4%	4.7%	6.2%
EPS €	0.08	0.04	0.07	0.16	0.24
EPS growth	-8.4%	-50.9%	93.6%	124.4%	46.5%
Free Cash Flow Yield	4.4%	3.2%	2.5%	5.3%	6.6%
PER x	47.4	127.2	59.9	26.7	18.2
PCF x	13.3	16.8	13.9	10.9	9.3
EV/Sales x	0.86	1.06	0.82	0.69	0.57
EV/EBITDA x	10.9	13.6	11.3	7.7	5.8
EV/EBIT x	28.2	50.2	33.9	14.6	9.3



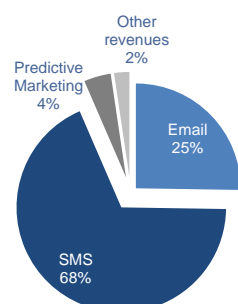
The Company at a Glance

Founded in Cremona (Italy) in 2002 as an email service provider, Growens (formerly MailUp) is now a leading international scale-up company in the European Cloud Marketing Technologies market, one of the fastest growing industries worldwide. The group is a vertically integrated player focusing on messaging and data-driven/multi-channel marketing automation, providing over 23,000 clients in 115 countries with a wide range of solutions. Growens develops and sells 1) technologies for the mass sending of emails and mobile messages, 2) sophisticated email and newsletter editing tools, 3) innovative technological solutions for predictive marketing and 4) professional consulting services.

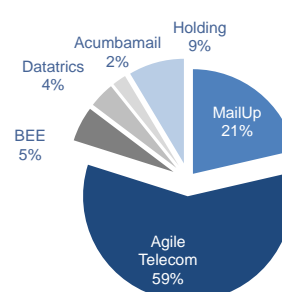
The group operates five synergic business units, corresponding to five different companies: MailUp, Agile Telecom, BEE, Datatrics and Acumbamail. The group achieved a significant growth path since its establishment: set up as a start-up in 2002, Growens closed FY-20 with revenues of € 65.2m, EBITDA of € 5.1m and over 240 employees. Since the IPO in 2014 the group's revenues increased by a CAGR₁₃₋₂₀ of 37.0%, thanks to organic growth boosted by a few acquisitions.

In 2020, revenues were € 65.2m, EBITDA reached € 5.1m, 7.8% margin. EBIT stood at € 1.4m and Net Income totalled € 0.6m. Net Financial Position was € 2.5m cash, thanks to huge cash-flow generation.

2020 breakdown by service...



... and by business unit



Shareholder structure

Shareholders	%	# m
Alberto Miscia	10.7%	1.60
Matteo Monfredini	10.6%	1.59
Nazzareno Gorni	10.6%	1.59
Luca Azzali	10.2%	1.53
Matteo Bettini	10.1%	1.51
Pronti Gianluca	6.1%	0.91
BMC Holding B.V. *	3.9%	0.58
Treasury shares	1.0%	0.15
Free Float	36.8%	5.51
Total	100.0%	14.97

Source: Company data

* subject to lock-up (does not enter the free float)

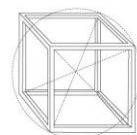
Peer group absolute performance

%	1D	1W	1M	3M	6M	YTD
dotDigital Group PLC	3.4	0.7	18.5	7.6	41.1	24.4
Kaleyra Inc	2.5	0.6	(13.5)	(20.4)	86.8	33.3
Sinch AB (publ)	(0.4)	(2.4)	(26.4)	(7.9)	38.9	(6.1)
Vonage Holdings Corp	(3.2)	(2.9)	(3.8)	(15.1)	3.2	(2.8)
Mobile Messaging median	(0.4)	(2.4)	(13.5)	(15.1)	38.9	(2.8)
HubSpot Inc	(3.6)	(2.9)	(4.3)	15.3	41.5	23.2
Neosperience SpA	1.7	0.7	(5.2)	14.1	13.2	10.2
SharpSpring Inc	0.7	(0.9)	(1.8)	(30.9)	16.8	(6.3)
Predictive Marketing median	0.7	(0.9)	(4.3)	14.1	16.8	10.2
Growens SpA	3.6	0.7	2.4	(6.0)	(6.3)	(0.7)

Peer group multiples table

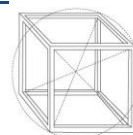
Price & EV multiples x	SALES FY1	SALES FY2	EBITDA FY1	EBITDA FY2	EBIT FY1	EBIT FY2	PER FY1	PER FY2
dotDigital Group PLC (Email Marketing)	10.09	8.85	30.4	27.4	44.5	40.3	53.7	50.8
Kaleyra Inc	2.29	1.76	41.8	23.5	n.m.	717.6	n.m.	n.m.
Sinch AB (publ)	6.02	4.10	63.0	30.8	85.6	38.0	93.6	47.3
Vonage Holdings Corp	2.64	2.38	18.9	17.0	54.8	38.9	49.5	43.8
Mobile Messaging median	2.64	2.38	41.8	23.5	70.2	38.9	71.5	45.5
HubSpot Inc	17.82	13.86	144.2	108.3	211.2	143.5	273.2	183.4
Neosperience SpA	2.60	2.00	9.1	7.1	42.5	19.5	109.9	33.8
SharpSpring Inc	n.a.	n.a.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Predictive Marketing median	10.21	7.93	76.6	57.7	126.8	81.5	191.6	108.6
Growens SpA	0.82	0.69	11.3	7.7	33.9	14.6	59.9	26.7

Source: CFO SIM, Thomson Reuters Eikon





Income statement (€ m)	2019	2020	2021e	2022e	2023e
Total revenues	60.8	65.2	74.8	84.2	93.7
Purchases	(38.3)	(39.1)	(44.5)	(50.1)	(55.7)
Services	(7.2)	(8.8)	(10.7)	(10.6)	(12.2)
Personnel expenses	(10.0)	(11.6)	(13.4)	(15.2)	(15.6)
Other opex	(0.6)	(0.7)	(0.7)	(0.8)	(0.9)
EBITDA	4.8	5.1	5.4	7.5	9.3
D&A	(2.9)	(3.7)	(3.6)	(3.5)	(3.5)
EBIT	1.8	1.4	1.8	4.0	5.8
Financials	(0.0)	(0.2)	(0.1)	(0.1)	(0.1)
Re/(Devaluation) of financial assets	0.0	0.0	0.0	0.0	0.0
Extraordinary	0.0	0.0	0.0	0.0	0.0
Pre-Tax profit	1.8	1.2	1.7	3.9	5.7
Income taxes	(0.7)	(0.6)	(0.6)	(1.4)	(2.1)
Minorities	0.0	0.0	0.0	0.0	0.0
Net Profit	1.2	0.6	1.1	2.5	3.6
Net Profit adj.	1.2	0.6	1.1	2.5	3.6
Balance sheet (€ m)	2019	2020	2021e	2022e	2023e
Net Working Capital	(1.7)	(1.5)	(0.6)	(0.4)	(0.3)
Net Fixed Assets	27.4	27.1	26.4	25.9	25.4
Equity Investments	0.1	0.2	0.2	0.2	0.2
Other M/L Term A/L	(11.3)	(11.0)	(11.8)	(12.5)	(12.9)
Net Invested Capital	14.6	14.8	14.2	13.2	12.4
Net Financial Position	(2.4)	(2.5)	(4.2)	(7.7)	(12.0)
Minorities	0.0	0.0	0.0	0.0	0.0
Group's Shareholders Equity	17.0	17.3	18.4	20.8	24.4
Financial Liabilities & Equity	14.6	14.8	14.2	13.2	12.4
Cash Flow statement (€ m)	2019	2020	2021e	2022e	2023e
Total net income	1.2	0.6	1.1	2.5	3.6
Depreciation	2.9	3.7	3.6	3.5	3.5
Other non-cash charges	(0.1)	1.0	0.8	0.7	0.4
Cash Flow from Oper. (CFO)	4.0	5.3	5.5	6.7	7.5
Change in NWC	2.0	(0.2)	(0.9)	(0.2)	(0.1)
FCF from Operations (FCFO)	6.0	5.1	4.6	6.5	7.3
Net Investments (CFI)	(9.9)	(4.2)	(3.0)	(3.0)	(3.0)
Free CF to the Firm (FCFF)	(3.9)	0.9	1.6	3.5	4.3
CF from financials (CFF)	5.2	0.0	0.0	0.0	0.0
Free Cash Flow to Equity (FCFE)	1.2	0.9	1.6	3.5	4.3
Financial ratios	2019	2020	2021e	2022e	2023e
EBITDA margin	7.9%	7.8%	7.3%	8.9%	9.9%
EBIT margin	3.0%	2.1%	2.4%	4.7%	6.2%
Net profit margin	1.9%	0.9%	1.5%	2.9%	3.8%
Tax rate	36.9%	53.0%	37.0%	37.0%	37.0%
Op NWC/Sales	-2.8%	-2.3%	-0.8%	-0.5%	-0.3%
Interest coverage x	0.01	0.13	0.04	0.02	0.01
Net Debt/EBITDA x	(0.49)	(0.49)	(0.76)	(1.02)	(1.29)
Debt-to-Equity x	(0.14)	(0.15)	(0.23)	(0.37)	(0.49)
ROIC	7.9%	3.8%	7.7%	18.6%	28.9%
ROCE	7.0%	5.0%	6.2%	12.3%	16.1%
ROACE	8.1%	5.1%	6.4%	12.9%	17.0%
ROE	6.8%	3.3%	6.0%	11.8%	14.7%
Payout ratio	0.0%	0.0%	0.0%	0.0%	0.0%
Per share figures	2019	2020	2021e	2022e	2023e
Number of shares # m	14.97	14.97	14.97	14.97	14.97
Number of shares Fully Diluted # m	16.24	16.24	16.24	16.24	16.24
Average Number of shares Fully Diluted # m	15.58	16.24	16.24	16.24	16.24
EPS stated FD €	0.07	0.03	0.07	0.15	0.22
EPS adjusted FD €	0.07	0.03	0.07	0.15	0.22
EBITDA €	0.31	0.31	0.33	0.46	0.57
EBIT €	0.12	0.08	0.11	0.24	0.36
BV €	1.05	1.06	1.13	1.28	1.50
FCFO €	0.38	0.31	0.29	0.40	0.45
FCFF €	(0.25)	0.06	0.10	0.22	0.27
FCFE €	0.08	0.06	0.10	0.22	0.27
Dividend €	0.00	0.00	0.00	0.00	0.00



Margins benefited from optimisation and cost savings

In Q1-21 Growens (formerly MailUp) achieved growing revenues and a massive improvement in margins thanks to several optimisation and cost saving initiatives. It is worth mentioning that Q1-20 was only partially affected by Covid-19 while Q1-21 was, to a certain extent, a period of full lockdown. Furthermore, Growens's reported revenues and EBITDA in Q1-21 represented 22.2% and 23.5% of our FY-21 top line and EBITDA estimates respectively, thus corroborating our 2021 projections. Just by way of comparison, in 2020 Q1 revenues and EBITDA accounted for 24.3% and 10.7% of FY figures respectively, while in 2019 they accounted for 22.0% and 10.1%.

Table 1 – Growens, Q1-21 results

€ m	Q1-21	Q1-20	% YoY
Email	4.4	3.9	11.2
SMS	11.3	10.9	3.6
Predictive Marketing	0.7	0.8	(11.3)
Other revenues	0.3	0.2	9.8
Total revenues	16.6	15.8	4.8
Gross Profit	5.6	4.4	25.7
% margin	33.7	28.1	
EBITDA	1.4	0.5	153.8
% margin	8.3	3.4	
Pre-Tax profit	0.5	(0.3)	282.3
% margin	3.0	(1.7)	
NFP (cash)/debt	(2.0)	-	n.m.

Source: Company data, CFO SIM analysis

Revenues grew by 4.8% YoY to € 16.6m, even though Q1-21 was to a certain extent a period of full lockdown whilst Q1-20 was only partially affected by Covid-19.

- **MailUp** recorded almost steady sales YoY, totalling € 3.9m. The business unit's sales are mostly exposed to Italy, where several clients operating in the fashion, events and travel & hospitality sectors massively reduced their investments in marketing activities.
- **Agile Telecom** totalled € 11.0m, +4.5% YoY. The low demand of drive-to-store SMS (i.e. marketing text messages aimed at bringing retail customers back to brick & mortar stores) also continued in Q1-21 due to the various lockdowns, mainly in Italy.
- **BEE** soared 27.2% YoY (+43% at constant FX), reaching € 1.1m, thanks to both an increase in the number of clients and growing revenues per client on the BEE Pro module, which partially counterbalanced the slowdown in BEE Plugin's sales.
- **Acumbamail** grew by 34.1% YoY to € 0.5m, mainly thanks to its self-provisioning business model as well as the launch of the new product Gumbamail, embedded into Google Gmail suite.
- **Datatrics** experienced a decline of 17.5% YoY, negatively affected by the Covid-19 crisis. In 2020, the group launched a reorganisation process of Datatrics's operations, in order to respond to the market evolution in a more efficient way. The full outcome of the reorganisation process is expected by Q3-21 but we can already see its first positive effects in Q1 in the reduction of operating losses.

Foreign revenues grew by 9% YoY to € 9.0m (54% of total), whereas **recurring revenues represented 30% of the group's turnover**, up by 9% YoY to € 4.9m.

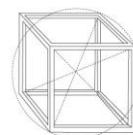


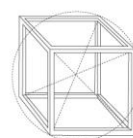
Table 2 – Growens, Q1-21 results – breakdown by business unit

€ m	Q1-21	Q1-20	% YoY
MailUp	3.9	4.0	(1.5)
Agile Telecom	11.0	10.5	4.5
BEE	1.1	0.9	27.2
Datatics	0.7	0.8	(17.5)
Acumbamail	0.5	0.4	34.1
Holding	1.3	1.1	17.0
Consol. Adj.	(1.9)	(1.8)	(3.4)
Total revenues	16.6	15.8	4.8
EBITDA MailUp	1.0	0.6	58.1
EBITDA Agile Telecom	0.5	0.1	329.2
EBITDA BEE	0.2	0.1	249.0
EBITDA Datatics	(0.1)	(0.3)	74.9
EBITDA Acumbamail	0.1	0.1	73.3
EBITDA Holding	(0.4)	(0.1)	(464.0)
Consol. Adj.	0.1	0.1	(7.8)
Total EBITDA	1.4	0.5	153.8
EBITDA % MailUp	25.1	15.6	
EBITDA % Agile Telecom	4.7	1.1	
EBITDA % BEE	17.9	6.5	
EBITDA % Datatics	(11.9)	(39.3)	
EBITDA % Acumbamail	25.2	19.5	
EBITDA % Holding	(31.3)	(6.5)	
Total EBITDA %	8.3	3.4	

Source: Company data, CFO SIM analysis

EBITDA totalled € 1.4m, 8.3% margin (vs € 0.5m, 3.4% margin in Q1-20). The strong improvement in margins was mainly related to a massive increase in gross profit, which soared by 25.7% YoY, more than proportionately to revenues. As a consequence, gross margin rose to 33.7% from 28.1% in Q1-20. This was obtained thanks to several optimisation and cost saving initiatives, namely: i) a 3% decline in S&M costs mainly as a result of the lack of in-person events and related travel; ii) an improvement in profitability with regard to all the business units, especially Agile Telecom and BEE; iii) a reduction in Datatics's operating losses thanks to the reorganisation process put in place in 2020. On the other hand, as already disclosed, the group did not suspend or postpone any planned strategic projects, mainly related to R&D (in Q1-21 R&D costs increased by 28.6% YoY). Pre-tax profit was € 0.5m vs € 0.3m loss in Q1-20.

Net Financial Position was € 2.0m (net cash) vs € 2.5m (net cash) at end-20. Excluding the IFRS 16 effect, NFP was € 5.6m (net cash). Cash and cash equivalents accounted for € 9.1m.



Peer Stock Performance

Growens (formerly MailUp) was listed on AIM Italia (Alternative Investment Market) on 29 July 2014 at € 2.50/share (**adjusted IPO price of € 1.92/share** as a result of the free capital increase of 11-Apr-16), corresponding to a post-money market capitalisation of € 20.0m. **MailUp trades well above the IPO price**, +126.6% since the IPO. The stock reached a 1Y intraday maximum price of € 5.74/s on 25-Aug-20 and a minimum price of € 3.81/s on 3-May-21.

Table 3 – Growens, peer group and index absolute performance

	1D	1W	1M	3M	6M	YTD	1Y
dotDigital Group PLC (Email Marketing)	3.4	0.7	18.5	7.6	41.1	24.4	105.2
Kaleyra Inc	2.5	0.6	(13.5)	(20.4)	86.8	33.3	102.2
Sinch AB (publ)	(0.4)	(2.4)	(26.4)	(7.9)	38.9	(6.1)	118.9
Vonage Holdings Corp	(3.2)	(2.9)	(3.8)	(15.1)	3.2	(2.8)	36.1
Mobile Messaging median	(0.4)	(2.4)	(13.5)	(15.1)	38.9	(2.8)	102.2
HubSpot Inc	(3.6)	(2.9)	(4.3)	15.3	41.5	23.2	172.4
Neosperience SpA	1.7	0.7	(5.2)	14.1	13.2	10.2	(13.3)
SharpSpring Inc	0.7	(0.9)	(1.8)	(30.9)	16.8	(6.3)	93.0
Predictive Marketing median	0.7	(0.9)	(4.3)	14.1	16.8	10.2	93.0
Growens SpA	3.6	0.7	2.4	(6.0)	(6.3)	(0.7)	(4.0)
MSCI World Index	2.5	0.6	(13.5)	(20.4)	86.8	33.3	102.2
EUROSTOXX	(1.8)	(1.9)	(1.3)	2.7	13.8	6.9	41.4
FTSE Italia All Share	(0.0)	(1.2)	(0.2)	7.1	14.2	10.2	36.8
FTSE STAR Italia	0.2	(0.0)	(0.2)	5.5	17.3	10.6	39.7
FTSE AIM Italia	(0.1)	(1.9)	(0.6)	4.2	23.8	12.3	51.0

Source: Thomson Reuters Eikon

Table 4 – Growens's relative performances

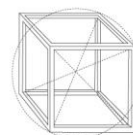
	1D	1W	1M	3M	6M	YTD	1Y
To dotDigital Group PLC	0.1	(0.0)	(16.1)	(13.6)	(47.4)	(25.1)	(109.1)
To peer Mobile Messaging median	3.9	3.1	15.9	9.1	(45.2)	2.1	(106.2)
To peer Predictive Marketing median	2.8	1.6	6.6	(20.2)	(23.0)	(10.9)	(97.0)
To MSCI World Index	1.1	0.1	15.9	14.4	(93.1)	(34.0)	(106.2)
To EUROSTOXX	5.3	2.6	3.6	(8.8)	(20.0)	(7.6)	(45.4)
To FTSE Italia All Share	3.6	1.9	2.6	(13.1)	(20.4)	(10.8)	(40.8)
To FTSE STAR Italia	3.3	0.7	2.6	(11.6)	(23.6)	(11.3)	(43.6)
To FTSE AIM Italia	3.7	2.6	2.9	(10.2)	(30.0)	(13.0)	(55.0)

Source: Thomson Reuters Eikon

Risks

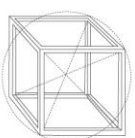
The principal investment **risks** associated with Growens include the following:

- Fast technological development increasing competitive pressure;
- Risks due to ICT malfunctions;
- Profit margin dilution stemming from the acquisition campaign;
- Impacts on the profit and loss and balance sheet profiles triggered by a sharp decline in global economic growth or geopolitical instability;
- Departure of one, or a few, of the key people;
- M&A execution being hampered by potential consolidating actors in the industry with higher firepower.





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ANALYST CERTIFICATION

This publication was prepared by **LUCA ARENA**, Head of the Equity Research Department of "Corporate Family Office SIM S.p.A." ("CFO SIM") and **GIANLUCA MOZZALI**, Equity Analyst of CFO SIM. This is to certify that the views expressed on the companies mentioned in this document reflect the analysts' personal opinions and that no direct or indirect recompense has been, or will be, received by the analyst further to the views expressed herein.

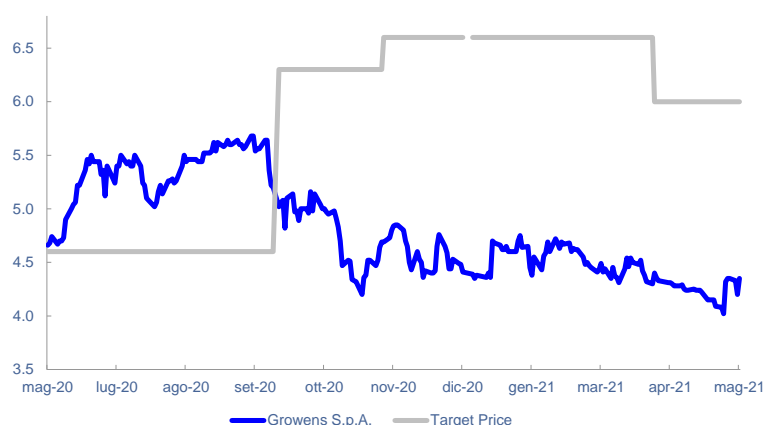
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DATE	TARGET PRICE	RATING
13/05/2021	€6.00	BUY
30/03/2021	€6.00	BUY
11/01/2021	€6.60	BUY
10/12/2020	€6.60	BUY
13/11/2020	€6.60	BUY
21/09/2020	€6.30	NEUTRAL
14/05/2020	€4.60	NEUTRAL

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- ☐ a **BUY** rating is assigned if the target price is at least 15% higher than the market price;
- ☐ a **SELL** rating is assigned if the target price is at least 15% lower than the market price;
- ☐ a **NEUTRAL** rating is assigned if the difference between the current price and target price lies within the +/- 15% bands identified using the preceding criteria.

The rating is determined on the basis of the **expected absolute return 12 months forward** and not on the basis of the estimated out/underperformance relative to a market index. Thus, the rating can be directly linked with the estimated percentage difference between current price and target price. The prices of the financial securities mentioned in the report (also used for the calculation of market capitalisation and market multiples) are the reference prices of the stock market trading day preceding the publication date of the report, otherwise stated.

