

## Italy – Marketing Technology

## A unique opportunity to boost the development of BEE

3<sup>rd</sup> April 2023

### FY-22 RESULTS RELEASE

RIC: GROWE.MI  
BBG: GROW IM

Growens reported FY-22 results slightly better than our forecasts in terms of turnover and adj. EBITDA, while bottom line came in lower than our projections mainly due to a few non-recurring items. Nevertheless, the sale of the Email Service Provider business for € 70m definitely shuffled the cards. Now the goal is to considerably accelerate the development of BEE both organically and through strategic M&A deals.

#### Rating:

**Buy (U.R.)**

#### Price Target:

**€ 7.50 (U.R.)**

Upside/(Downside): 25.0%

Last Price: € 6.00

Market Cap.: € 92.9m

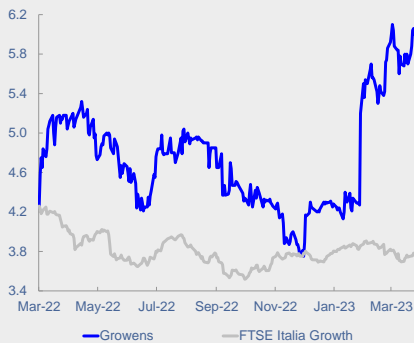
1Y High/Low: € 6.10 / € 3.71

Avg. Daily Turn. (3M, 6M): € 208k, € 111k

Free Float: 34.9%

#### Major shareholders:

Nazzareno Gorni	10.4%
Alberto Miscia	10.4%
Matteo Monfredini	10.3%
Luca Azzali	10.0%
Matteo Bettoni	9.8%



#### Stock price performance

	1M	3M	12M
<b>Absolute</b>	<b>2.4%</b>	<b>39.9%</b>	<b>16.7%</b>
<b>Rel.to FTSE IT Growth</b>	<b>2.9%</b>	<b>38.4%</b>	<b>26.5%</b>
<b>Rel.to Peers median</b>	<b>6.8%</b>	<b>27.9%</b>	<b>68.0%</b>

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#### New PT of € 7.50/s (U.R.) now based on SOTP, 25.0% upside. Buy (U.R.)

Following the 2022 results and the sale of the ESP business, we have updated our model by factoring in 1) the deconsolidation of the MailUp + Contactlab and Acumbamail business units as of Jul-23, 2) the cash-in stemming from the transaction as well as its effect on the P&L and 3) a certain increase in S&M and R&D expenses in order to accelerate BEE's growth. We have also introduced projections for 2025. In order to better factor in BEE's growth potential in the medium-term, we decided to appraise Growens with a SOTP valuation, instead of a DCF model. As a result, we attained a PT for Growens of € 7.50/s (U.R.), 25.0% upside to current price levels. Buy (U.R.).

#### Revenues at € 103.4m, up by 45.1% YoY, thanks to organic growth and M&A

Revenues totalled € 103.4m, up by 45.1% YoY, and slightly better than our forecast of € 99.0m. The SaaS division soared by 48.3% YoY while the CPaaS division grew by 43.7% YoY. Recurring revenues amounted to 28% of total (+ 33% YoY). Foreign revenues grew by 72% YoY (65% of total). MailUp + Contactlab totalled € 25.0m, growing by 50.6% YoY thanks to 6% organic growth coupled with the consolidation of Contactlab as of May-22. Organic growth was driven by the recently-implemented product-led strategy and the development of the indirect channel abroad. Agile Telecom rose by 42.5% YoY, reaching € 67.6m, driven by the increasing SMS traffic and the acquisition of new strategic promising customers, especially abroad. BEE soared by 59.0% YoY, totalling € 8.9m (\$ 9.4m), mainly thanks to increasing volumes. ARR amounted to \$ 10.7m as of Dec-22. Datatrics declined by 2.0% YoY to € 2.5m, showing certain difficulties in returning to growth. Acumbamail totalled € 2.6m, up by 21.6% YoY, confirming its steady double-digit growth trend.

#### Adj. EBITDA of € 5.4m, 5.2% margin. Bottom line turned negative to € 2.6m loss

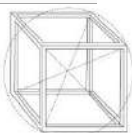
EBITDA was € 4.1m, 4.0% margin, compared to € 5.2m, 7.3% margin in FY-21, declining 21.2% YoY as a consequence of 1) a different revenue mix, namely higher sales stemming from the CPaaS division, characterised by lower profitability; 2) Datatrics' persisting operating loss; 3) increasing S&M and R&D costs related to BEE's development; and 4) higher G&A expenses, mainly due to one-off costs stemming from the acquisition of Contactlab. EBITDA adjusted for non-recurring costs was € 5.4m, 5.2% margin. EBIT was negative for € 2.8m after D&A of € 5.4m and a partial write-off of the goodwill on Datatrics of € 1.5m, following impairment. As a consequence, also bottom line turned negative, reaching a net loss of € 2.6m, compared to a net profit of € 0.4m in FY-21.

#### Net cash at € 0.1m compared to € 6.5m in FY-21, mainly due to M&A

Net cash came in at € 0.1m compared to € 6.5m at year-end 2021, mainly due to the cash-out for the acquisition of Contactlab (€ 4.6m), Datatrics' earn-out (€ 1.0m) and certain payment extensions granted by Agile Telecom to strategic clients. The difference compared to our estimate of € 1.8m is mainly related to higher-than-expected capex (€ 8.8m compared to our estimate of € 7.8m) as well as a greater increase in net working capital.

#### Growens, key financials and ratios

€ m	2021	2022	2023e	2024e	2025e
Total Revenues	71.2	103.4	104.8	99.7	110.8
EBITDA	5.2	4.1	4.7	3.2	4.3
EBIT	1.1	(2.8)	(0.0)	(0.5)	0.7
Net profit	0.4	(2.6)	59.8	(0.5)	0.2
NFP (cash)/debt	(6.5)	(0.1)	(67.0)	(67.5)	(68.4)
EBITDA margin	7.3%	4.0%	4.5%	3.2%	3.9%
EBIT margin	1.6%	-2.8%	0.0%	-0.5%	0.6%
EPS €	0.02	(0.17)	3.86	(0.03)	0.02
EPS growth	-38.0%	n.m.	n.m.	n.m.	n.m.
Free Cash Flow Yield	5.3%	-6.6%	-3.3%	0.5%	1.0%
PER x	n.m.	n.m.	1.6	n.m.	n.m.
PCF x	15.3	16.3	1.4	29.0	23.7
EV/Sales x	0.86	0.68	0.25	0.25	0.22
EV/EBITDA x	11.7	17.2	5.5	8.0	5.6
EV/EBIT x	53.9	n.m.	n.m.	n.m.	36.4



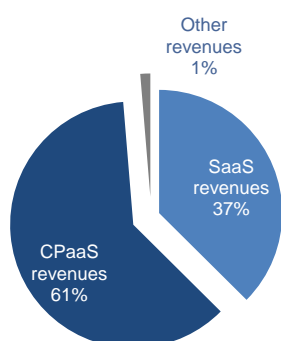
## The company at a glance

Founded in Cremona (Italy) in 2002 as an email service provider (i.e. the original business MailUp), Growens is now a leading international player in the Global Cloud Marketing Technologies market, one of the fastest growing industries worldwide. Its suite of SaaS and CPaaS solutions allows SMEs and large corporations to master the evolving ways of communicating with customers. The group is a vertically integrated player focusing on messaging and data-driven/multi-channel marketing automation, providing over 26,000 customers in more than 115 countries with a wide range of solutions.

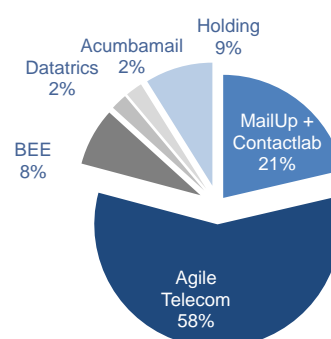
The group has been on a significant growth path since its establishment: set up as a start-up in 2002, the group has constantly grown both organically and via M&A, peaking with the launch of innovative products such as BEEfree.io.

Growens closed FY-22 with revenues of € 103.4m, EBITDA of € 4.1m, 4.0% margin and over 400 employees. Net Financial Position was € 0.1m cash. Since the IPO in 2014 the group's revenues increased by a CAGR<sub>13-22</sub> of 34.4%, thanks to organic growth boosted by a few acquisitions. Foreign sales were 65% of total FY-22 revenues.

## 2022 breakdown by business division...



## ... and by business unit



## Shareholder structure

Shareholders	%	# m
Nazzareno Gorni	10.4%	1.61
Alberto Miscia	10.4%	1.61
Matteo Monfredini	10.3%	1.59
Luca Azzali	10.0%	1.55
Matteo Bettoni	9.8%	1.51
Pronti Gianluca	5.9%	0.91
BMC Holding B.V. *	6.6%	1.01
Ex Contactlab's shareholders *	1.2%	0.19
Treasury shares	0.3%	0.05
<b>Free Float</b>	<b>34.9%</b>	<b>5.37</b>
<b>Total</b>	<b>100.0%</b>	<b>15.39</b>

Source: Company data

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

## Peer group absolute performance

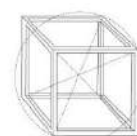
%	1D	1W	1M	3M	6M	YTD
dotDigital Group PLC	4.5	2.5	3.5	15.1	12.1	15.1
HubSpot Inc	2.8	8.3	5.0	48.3	58.7	48.3
Neosperience SpA	(1.4)	(18.9)	11.5	22.3	47.1	22.3
<b>SaaS Marketing median</b>	<b>2.8</b>	<b>2.5</b>	<b>5.0</b>	<b>22.3</b>	<b>47.1</b>	<b>22.3</b>
CM.com NV	(0.6)	1.5	(4.4)	(20.7)	(14.9)	(20.7)
Kaleyra Inc	(5.2)	(18.3)	(36.8)	(37.6)	(51.4)	(37.6)
Link Mobility Group Holding	(0.4)	9.8	(18.3)	12.0	21.8	12.0
Sinch AB (publ)	(0.7)	4.5	(24.3)	(27.1)	85.2	(27.1)
<b>Mobile Messaging median</b>	<b>(0.7)</b>	<b>3.0</b>	<b>(21.3)</b>	<b>(23.9)</b>	<b>3.4</b>	<b>(23.9)</b>
<b>Growens SpA</b>	<b>(1.0)</b>	<b>5.3</b>	<b>2.4</b>	<b>39.9</b>	<b>34.5</b>	<b>39.9</b>

Source: Refinitiv Eikon

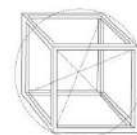
## Peer group multiples table

Price & EV multiples x	SALES FY1	SALES FY2	EBITDA FY1	EBITDA FY2	EBIT FY1	EBIT FY2	PER FY1	PER FY2
dotDigital Group PLC	3.53	3.15	10.7	9.6	16.4	14.7	23.1	21.7
HubSpot Inc	9.85	7.90	63.3	47.2	80.8	56.6	93.5	68.7
Neosperience SpA	1.99	1.47	6.3	4.8	19.5	9.7	38.7	16.3
<b>SaaS Marketing median</b>	<b>3.53</b>	<b>3.15</b>	<b>10.7</b>	<b>9.6</b>	<b>19.5</b>	<b>14.7</b>	<b>38.7</b>	<b>21.7</b>
CM.com NV	0.95	0.81	n.m.	40.7	n.m.	n.m.	n.m.	n.m.
Kaleyra Inc	0.46	0.43	7.4	6.1	n.m.	n.m.	n.m.	n.a.
Link Mobility Group Holding ASA	0.91	0.79	6.8	6.1	14.5	12.2	8.8	8.4
Sinch AB (publ)	1.04	0.87	8.5	7.0	22.6	14.9	54.3	22.2
<b>Mobile Messaging median</b>	<b>0.93</b>	<b>0.80</b>	<b>7.4</b>	<b>6.6</b>	<b>18.6</b>	<b>13.6</b>	<b>31.6</b>	<b>15.3</b>
<b>Growens SpA</b>	<b>0.25</b>	<b>0.25</b>	<b>5.5</b>	<b>8.0</b>	<b>n.m.</b>	<b>n.m.</b>	<b>1.6</b>	<b>n.m.</b>

Sources: CFO SIM, Refinitiv Eikon



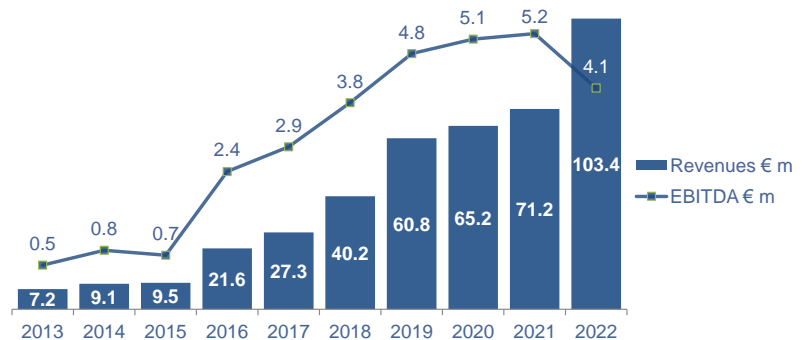
Income statement (€ m)	2021	2022	2023e	2024e	2025e
Total revenues	71.2	103.4	104.8	99.7	110.8
COGS	(47.4)	(72.5)	(75.5)	(71.8)	(79.8)
Gross Profit	23.8	30.8	29.4	27.9	31.0
Sales & Marketing	(7.3)	(10.0)	(10.5)	(10.0)	(11.1)
Research & Development	(3.2)	(4.5)	(4.7)	(4.5)	(5.0)
General costs	(8.1)	(12.2)	(9.5)	(10.3)	(10.6)
EBITDA	5.2	4.1	4.7	3.2	4.3
D&A	(4.1)	(6.9)	(4.7)	(3.7)	(3.7)
EBIT	1.1	(2.8)	(0.0)	(0.5)	0.7
Financials	(0.0)	(0.3)	(0.3)	(0.3)	(0.3)
Re/(Devaluation) of financial assets	0.0	0.0	0.0	0.0	0.0
Extraordinary	0.0	0.0	60.0	0.0	0.0
Pre-Tax profit	1.1	(3.1)	59.7	(0.8)	0.4
Income taxes	(0.7)	0.6	0.1	0.3	(0.1)
Minorities	(0.0)	(0.0)	0.0	0.0	0.0
Net Profit	0.4	(2.6)	59.8	(0.5)	0.2
Net Profit adj.	0.4	(2.6)	(0.2)	(0.5)	0.2
Balance sheet (€ m)	2021	2022	2023e	2024e	2025e
Net Working Capital	(1.7)	1.8	3.4	1.4	1.7
Net Fixed Assets	26.9	31.8	22.1	21.4	20.7
Equity Investments	0.1	0.3	0.3	0.3	0.3
Other M/L Term A/L	(14.3)	(17.0)	(15.9)	(14.2)	(14.5)
Net Invested Capital	11.0	17.0	9.9	8.9	8.2
Net Financial Position	(6.5)	(0.1)	(67.0)	(67.5)	(68.4)
Minorities	(0.0)	(0.1)	(0.1)	(0.1)	(0.1)
Group's Shareholders Equity	17.5	17.1	76.9	76.4	76.6
Financial Liabilities & Equity	11.0	17.0	9.9	8.9	8.2
Cash Flow statement (€ m)	2021	2022	2023e	2024e	2025e
Total net income	0.4	(2.6)	(2.2)	(0.5)	0.2
Depreciation	4.1	6.9	4.7	3.7	3.7
Other non-cash charges	4.3	2.0	(1.1)	(1.7)	0.3
Cash Flow from Oper. (CFO)	8.7	6.3	1.4	1.5	4.2
Change in NWC	0.3	(3.6)	(1.5)	2.0	(0.3)
FCF from Operations (FCFO)	9.0	2.7	(0.1)	3.5	3.9
Net Investments (CFI)	(4.1)	(8.8)	67.0	(3.0)	(3.0)
Free CF to the Firm (FCFF)	4.9	(6.1)	66.9	0.5	0.9
CF from financials (CFF)	(1.4)	(0.1)	0.0	0.0	(0.0)
Free Cash Flow to Equity (FCFE)	3.5	(6.2)	66.9	0.5	0.9
Financial ratios	2021	2022	2023e	2024e	2025e
EBITDA margin	7.3%	4.0%	4.5%	3.2%	3.9%
EBIT margin	1.6%	-2.8%	0.0%	-0.5%	0.6%
Net profit margin	0.5%	-2.5%	57.0%	-0.5%	0.2%
Tax rate	65.9%	17.8%	n.m.	37.0%	37.0%
Op NWC/Sales	-2.4%	1.8%	3.2%	1.4%	1.5%
Interest coverage x	0.04	(0.10)	(6.29)	(0.57)	0.42
Net Debt/EBITDA x	(1.25)	(0.02)	(14.27)	(21.14)	(15.73)
Debt-to-Equity x	(0.37)	(0.00)	(0.87)	(0.88)	(0.89)
ROIC	3.2%	-15.4%	n.m.	-5.6%	3.0%
ROCE	4.1%	n.m.	n.m.	n.m.	0.8%
ROACE	4.1%	-10.0%	-0.1%	-0.6%	0.8%
ROE	2.0%	-15.3%	n.m.	-0.6%	0.3%
Payout ratio	0.0%	0.0%	0.0%	0.0%	0.0%
Per share figures	2021	2022	2023e	2024e	2025e
Number of shares # m	14.97	15.39	15.39	15.39	15.39
Number of shares Fully Diluted # m	17.37	16.53	16.53	16.53	16.53
Average Number of shares Fully Diluted # m	17.37	16.95	16.53	16.53	16.53
EPS stated FD €	0.02	(0.15)	3.62	(0.03)	0.01
EPS adjusted FD €	0.02	(0.15)	(0.01)	(0.03)	0.01
EBITDA €	0.30	0.24	0.28	0.19	0.26
EBIT €	0.07	(0.17)	(0.00)	(0.03)	0.04
BV €	1.01	1.03	4.65	4.62	4.63
FCFO €	0.52	0.16	(0.01)	0.21	0.24
FCFF €	0.28	(0.36)	4.05	0.03	0.06
FCFE €	0.20	(0.36)	4.05	0.03	0.06
Dividend €	0.00	0.00	0.00	0.00	0.00



## Growens in a nutshell

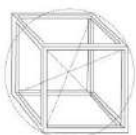
Founded in Cremona (Italy) in 2002 as an email service provider (i.e. the original business MailUp), Growens is now a **leading international player in the Global Cloud Marketing Technologies market**, one of the fastest growing industries worldwide. Its suite of SaaS and CPaaS solutions allows SMEs and large corporations to master the evolving ways of communicating with customers. The group is a vertically integrated player focusing on messaging and data-driven/multi-channel marketing automation, providing over 26,000 customers in more than 115 countries with a wide range of solutions.

**Chart 1 – Growens, 2013-22 top line and EBITDA evolution**



Source: CFO SIM elaboration on company data

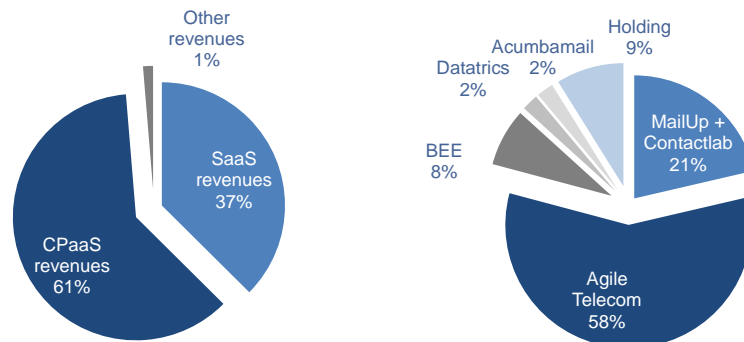
- The **SaaS (Software-as-a-Service) division** is characterised by subscription-based services supplied to customers via cloud platforms. In 2022, the SaaS division totalled € 38.7m in sales (+48.3% YoY). It includes four business units:
  - ✓ **MailUp** is the market leader in **email and SMS marketing automation** in Italy and among the top ten players in Europe. The company, established as an email service provider, developed a SaaS-based multi-channel digital cloud platform, helping customers to manage their digital marketing campaigns. MailUp sends over 22bn messages per year and serves almost 10,000 clients. In 2022, the group acquired **Contactlab**, a domestic player offering SaaS solutions in the cloud marketing technology field. The company is definitely complementary to the MailUp business unit, both in terms of customers and products.
  - ✓ **BEE – Best Email Editor**, with its operating team based in Silicon Valley and its technological team based in Italy, is becoming the world's leading standard for **email and landing page creation**. The company is focused on the development and marketing of the BEE tool, an innovative drag-n-drop email and landing page editor.
  - ✓ **Datatricks**, founded in 2012 and acquired by Growens in Dec-18, developed a **predictive marketing** platform based on artificial intelligence. Thanks to a machine-learning algorithm, combining different types of data from multiple sources, the platform allows a marketing team to build a bespoke customer experience and to optimise the customer 'journey', automatically improving conversion, retention and loyalty rates.
  - ✓ **Acumbamail** is a **Spanish email-marketing provider**, also offering SMS packages and transactional services with a freemium business model suitable for SMEs. The platform developed by Acumbamail allows users to create, send and manage emails and SMSs for multi-channel marketing campaigns. The company focuses on the Spanish and Latin American markets, sending over 400m emails per year. Acumbamail provides its services to over 140,000 free users and more than 3,500 paying users, mainly SMEs.



- **The CPaaS (Communication-Platform-as-a-Service) division** includes the Agile Telecom business unit, which provides messaging services on a wholesale basis using APIs. In 2022, the CPaaS division totalled € 63.3m in sales (+43.7% YoY). **Agile Telecom** is a B2B SMS factory, leader in the SMS industry in Italy with more than 2bn SMSs sent per year, both for promotional and transactional services (namely, One-Time-Password, notifications and alerts).

**The group has grown significantly since its establishment:** set up as a start-up in 2002, Growens closed FY-22 with revenues of € 103.4m, EBITDA of € 4.1m and over 400 employees. Since the IPO in 2014, the group's revenues have increased by a **CAGR<sub>13-22</sub> of 34.4%**, thanks to organic growth boosted by a few acquisitions. **Foreign sales were 65%** of total FY-22 revenues.

**Chart 2 – Growens, 2022 top line breakdown by business division and business unit**

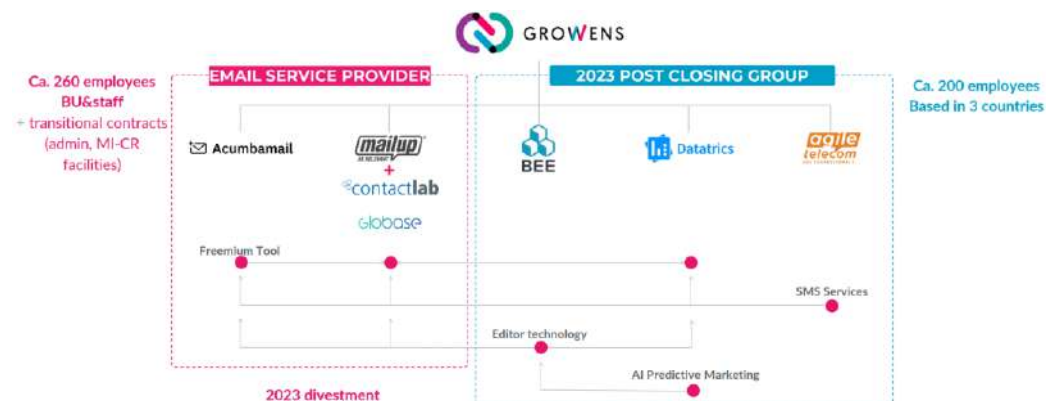


Source: CFO SIM elaboration on company data

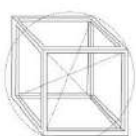
**In Feb-22, Growens signed a binding agreement for the sale of the entire Email Service Provider business to TeamSystem for € 70m.** The transaction's scope comprises the MailUp business unit, as well as 100% of Contactlab SpA, Acumbamail SL, MailUp Nordics A/S and Globase International ApS. The agreement should generate a capital gain net of transaction costs and taxes to the tune of € 60m.

We believe that Growens definitely signed a **game-changing deal**, significantly valuing the historic business of the group. The substantial cash-in stemming from the sale of the Email Service Provider business will be geared towards 1) the **acceleration of the development of BEE**, the group's fastest-growing business unit, 2) seizing **potentially-accretive M&A deals** aimed at enriching BEE's offer and, 3) generating a return for stakeholders.

**Chart 3 – Growens, Sale of the Email Service Provider business: transaction scope**



Sources: Company data





## SWOT Analysis

The SWOT analysis, also known as SWOT Matrix, is a structured planning method used to evaluate the strengths, weaknesses, opportunities and threats involved in a project or in a business venture. A SWOT analysis can be carried out for a product, place, industry or person. It involves specifying the objective of the business venture or project and identifying the internal and external factors that are favourable and unfavourable to achieving that objective.

- **Strengths:** characteristics of the business that give it an advantage over others.
- **Weaknesses:** characteristics that place the business at a disadvantage vs. others.
- **Opportunities:** elements that the project could use to its advantage.
- **Threats:** elements in the environment that could cause trouble or be detrimental for the business or project.

The technique is credited to Albert Humphrey, who led a research project at Stanford University between the 60s/70s using Fortune 500 data.

### S.W.O.T. ANALYSIS

#### STRENGTHS

- ❑ **Leading European player** in cloud marketing technologies
- ❑ **Vertically-integrated MarTech actor:** from data collection to omni-channel activation
- ❑ **R&D investment** historically exceeds 10% of revenues every year
- ❑ **Low client concentration**

#### WEAKNESSES

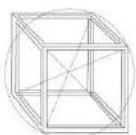
- ❑ Turnover highly dependent on **SMS (non-recurring)** revenues
- ❑ **Higher price pressure and lower margins in SMS business** compared to email
- ❑ Few key relevant people represent a **vital asset** for the company
- ❑ **Sizeable goodwill**

#### OPPORTUNITIES

- ❑ **Consolidation opportunities** in a highly fragmented reference market
- ❑ Properly use of the huge cash-in stemming from the sale of ESP business to boost **BEE's growth**
- ❑ **MarTech sector is expected to keep growing significantly** in the coming years

#### THREATS

- ❑ Fast technological development may increase the **competitive pressure**
- ❑ **Profitability dilution** stemming from the acquisition campaign
- ❑ The **execution risk linked to BEE's development strategy** following the sale of the ESP business is not to be underestimated



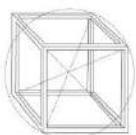
## ESG Profile

Growens pays close attention to **Environmental Social and Governance topics** and has voluntarily issued sustainability reports since 2019, in accordance with the **GRI** (Global Reporting Initiative) **standards**. The commitment involves all the three key ESG aspects: the company is equipped with photovoltaic panels and offsets its CO<sub>2</sub> emissions (**E**), takes care of its employees with tailored welfare solutions and by adopting a flexible work model approach (**S**), and boasts a legality rating with the maximum score, along with a solid governance framework (**G**).

Chart 4 – Growens, ESG Profile

<p><b>E</b> Environmental</p>	<ul style="list-style-type: none"> <li>❑ Milan building certified NZEB – Nearly Zero Energy Building and LEED GOLD</li> <li>❑ Traditional solar plant and two smart flowers capable of producing up to 45,000 kWh and 12,000 kWh/year, respectively</li> <li>❑ <u>Treedom Project</u>: each year Growens collaborates with the e-commerce platform Treedom each year in order to mitigate its environmental footprint through the planting of new forests               <ul style="list-style-type: none"> <li>✓ In 2022, the CO<sub>2</sub> emissions produced by traffic on the websites of the group's BUs were entirely compensated by the trees planted in the 'Growens forest'</li> <li>✓ <u>'One Tree, One Customer'</u> initiative aims to plant a tree for each new customer who subscribes to the group's services.</li> </ul> </li> </ul>
<p><b>S</b> Social</p>	<ul style="list-style-type: none"> <li>❑ Growens provides information on the composition of its workforce</li> <li>❑ <u>Welfare Programme</u>: Growens provides its employees with a tailored and innovative welfare solution</li> <li>❑ <u>Suppliers' selection policy</u>: careful selection of suppliers by requiring, through specific clauses, that they do not commit any of the offences set out in Legislative Decree no. 231/2001 and that they comply with the provisions contained in the Code of Ethics</li> <li>❑ <u>Growens' Way of Working (WoW)</u>: the company adopted a policy that formalises the permanent adoption of a flexible work model</li> <li>❑ <u>Corporate Whistleblowing Procedure</u></li> <li>❑ <u>Cagliari Innovation Lab</u>: an R&amp;D center with the aim of creating cutting-edge digital products and technological experimentation</li> </ul>
<p><b>G</b>overnance</p>	<ul style="list-style-type: none"> <li>❑ Publication of Sustainability Reports since 2019</li> <li>❑ Growens was included among the '2021 Sustainability Leaders' list, an initiative organised by Statista and Il Sole 24ore</li> <li>❑ <u>Legality Rating</u> assigned by the AGCM, the Italian Competition Authority, with the maximum score of '3 stars'</li> <li>❑ Organisational Model pursuant to Legislative Decree no. 231/2001 monitored by an independent supervisory board since 2015</li> <li>❑ Code of Ethics and Code of Business Conduct</li> <li>❑ List voting: 5%</li> <li>❑ 5 members in the BoD, 1 Independent Director, 1 woman</li> </ul>

Source: CFO SIM analysis on company data



## FY-22 Results

Growens reported FY-22 results slightly better than our forecasts in terms of sales and adjusted EBITDA. Sales growth was driven by BEE and Agile Telecom, coupled with the consolidation of Contactlab as from May-22. Bottom line was affected by a few non-recurring costs linked to the acquisition of Contactlab and the partial write-off of the goodwill on Datatrics.

**Table 1 – Growens, FY-22 results**

€ m	2022	2021	% YoY	2022e	% Diff.
SaaS Revenues	38.7	26.1	48.3	-	-
CPaaS Revenues	63.3	44.1	43.7	-	-
Other revenues	1.4	1.1	25.7	-	-
<b>Total revenues</b>	<b>103.4</b>	<b>71.2</b>	<b>45.1</b>	<b>99.0</b>	<b>4.4</b>
COGS	(72.5)	(47.4)		(70.3)	
<b>Gross Profit</b>	<b>30.8</b>	<b>23.8</b>	<b>29.5</b>	<b>28.7</b>	<b>7.3</b>
% margin	29.8	33.4		29.0	
Sales & Marketing	(10.0)	(7.3)		(10.4)	
Research & Development	(4.5)	(3.2)		(4.5)	
General costs	(12.2)	(8.1)		(9.3)	
<b>EBITDA</b>	<b>4.1</b>	<b>5.2</b>	<b>(21.2)</b>	<b>4.5</b>	<b>(9.5)</b>
% margin	4.0	7.3		4.6	
D&A	(6.9)	(4.1)		(5.0)	
<b>EBIT</b>	<b>(2.8)</b>	<b>1.1</b>	<b>n.m.</b>	<b>(0.5)</b>	<b>n.m.</b>
% margin	(2.8)	1.6		(0.5)	
Financials	(0.3)	(0.0)		(0.1)	
<b>Pre-Tax profit</b>	<b>(3.1)</b>	<b>1.1</b>	<b>n.m.</b>	<b>(0.5)</b>	<b>n.m.</b>
% margin	(3.0)	1.5		(0.5)	
Income taxes	0.6	(0.7)		0.2	
Tax rate	n.m.	65.9%		n.m.	
Minorities	(0.0)	(0.0)		-	
<b>Group Net Profit</b>	<b>(2.6)</b>	<b>0.4</b>	<b>n.m.</b>	<b>(0.3)</b>	<b>n.m.</b>
% margin	(2.5)	0.5		(0.3)	
<b>NFP (cash)/debt</b>	<b>(0.1)</b>	<b>(6.5)</b>	<b>n.m.</b>	<b>(1.8)</b>	<b>n.m.</b>

Sources: Company data, CFO SIM estimates

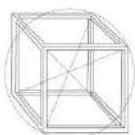
In 2022, **revenues totalled € 103.4m, up by 45.1% YoY**, and slightly better than our forecast of € 99.0m. The **SaaS division soared by 48.3% YoY** while the **CPaaS division grew by 43.7% YoY**.

**Recurring revenues** amounted to **28% of total, growing by 33% YoY**. **Foreign revenues grew by 72% YoY**, representing **65% of total**. It is worth remembering that FY-22 results include Contactlab for eight months, i.e. as of May-22.

**Gross Profit rose by 29.5% YoY to € 30.8m, 29.8% margin** compared to € 23.8m, 33.4% margin in FY-21. The decline in gross margin was due to lower profitability with regard to the CPaaS division due to the increasing sales to new strategic customers characterised by a low entry-level profitability.

**EBITDA was € 4.1m, 4.0% margin**, compared to € 5.2m, 7.3% margin in FY-21, **declining 21.2% YoY** as a consequence of 1) a **different revenue mix**, namely higher sales stemming from the CPaaS division (i.e. Agile Telecom, SMS business), characterised by lower profitability; 2) **Datatrics' persisting operating loss**; 3) **increasing S&M and R&D** costs related to **BEE's development**; and 4) higher general & administrative expenses, mainly due to one-off costs stemming from the **acquisition of Contactlab**.

**EBITDA adjusted for non-recurring costs was € 5.4m, 5.2% margin**. One-off costs were € 1.3m, of which: 1) € 0.5m related to Contactlab's acquisition, 2) € 0.3m as severance pay granted to a few managers of Contactlab, 3) € 0.4m as bonuses pertaining to FY-21 but paid, and consequently accounted for in FY-22 (in 2022, the group introduced a new shared bonus system, which allows it to account for variable compensation in the same year it is accrued) and 4) € 90k as a one-off payment under national trade agreements for FY 20-21-22, to Growens and Agile Telecom employees.





**EBIT was negative for € 2.8m** after D&A of € 5.4m, € 1.0m of which related to IFRS16, and € 1.5m pertaining to a partial write-off of the goodwill on Datatrics, following impairment. As a consequence, also bottom line turned negative, reaching a **net loss of € 2.6m**, compared to net profit of € 0.4m in FY-21, and our forecast of € 0.3m net loss. This was mainly due to 1) the € 1.5m write-off of Datatrics' goodwill and 2) higher than expected D&A and financial charges.

**Net Financial Position came in at € 0.1m cash** compared to € 6.5m cash at year-end 2021, mainly due to the cash-out for the acquisition of Contactlab (€ 4.6m), Datatrics' earn-out (€ 1.0m) and certain payment extensions granted by Agile Telecom to strategic clients. The difference compared to our estimate of € 1.8m cash is mainly related to higher-than-expected capex (€ 8.8m as a whole compared to our estimate of € 7.8m) as well as a greater increase in net working capital.

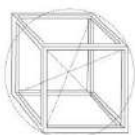
**Table 2 – Growens, FY-22 revenues breakdown by business unit**

€ m	2022	2021	% YoY	2022e	% Diff.
MailUp + Contactlab	25.0	16.6	50.6	25.6	(2.5)
Agile Telecom	67.6	47.5	42.5	64.1	5.6
BEE	8.9	5.6	59.0	8.4	6.0
Datatrics	2.5	2.6	(2.0)	2.5	3.2
Acumbamail	2.6	2.1	21.6	2.6	1.4
Holding	10.4	7.2	45.4	7.5	38.5
Consol. Adj.	(13.7)	(10.3)	(33.2)	(11.6)	(17.8)
<b>Total revenues</b>	<b>103.4</b>	<b>71.2</b>	<b>45.1</b>	<b>99.0</b>	<b>4.4</b>

Sources: Company data, CFO SIM estimates

Looking at FY-22 results in terms of business units:

- **MailUp + Contactlab totalled € 25.0m, growing by 50.6% YoY** thanks to **6% organic growth** coupled with the consolidation of Contactlab as of May-22. Organic growth was driven by the recently-implemented product-led strategy and the development of the indirect channel abroad. EBITDA was affected by some one-off costs related to the acquisition of Contactlab.
- **Agile Telecom rose by 42.5% YoY, reaching € 67.6m**, driven by the increasing SMS traffic (2.2bn messages sent in 2022 vs 2.0bn in 2021) and the acquisition of new strategic promising customers, especially abroad. Sales stemming from these new customers are characterised by a limited entry-level profitability due to commercial purposes. As a consequence, EBITDA was almost flat YoY in absolute terms at € 2.3m despite strong sales growth (3.3% margin vs 4.8% in FY-21).
- **BEE soared by 59.0% YoY, totalling € 8.9m (\$ 9.4m)**, mainly thanks to increasing volumes. Annual Recurring Revenues – ARR (showing the average annual recurring value of existing contracts) amounted to \$ 10.7m as of Dec-22. In 2022, the group 1) launched a free version of BEE Pro, which resulted in a 50% increase in monthly signups to over 15,000, 2) created a 'Growth Team' to ensure that the increased signups translate into increased usage, which grew by 72% YoY, 3) added new features to allow for more collaboration and brand controls and 4) continuously invested in order to improve the core visual builder, adding new functions as the dark-mode preview and the mobile design mode. As a consequence of the huge investments in sales & marketing and research & development, the BU's profitability slightly declined YoY, but it is still compliant with the Rule of Forty, namely YoY sales growth + EBITDA margin over 40%.
- **Datatrics declined by 2.0% YoY to € 2.5m**, showing certain difficulties in returning to growth following the business reorganisation in 2021 as well as a persisting operating loss. At the beginning of 2023, a new CEO was appointed.
- **Acumbamail totalled € 2.6m, up by 21.6% YoY**, confirming its steady double-digit growth trend.



**Table 3 – Growens, FY-22 EBITDA breakdown by business unit**

€ m	2022	2021	% YoY	2022e	% Diff.
EBITDA MailUp + Contactlab	2.7	2.6	3.9	2.5	7.8
EBITDA Agile Telecom	2.3	2.3	(1.2)	1.6	40.9
EBITDA BEE	0.2	0.3	(36.6)	0.8	(76.0)
EBITDA Datatrics	(1.6)	(0.9)	(83.2)	(1.1)	(42.1)
EBITDA Acumbamail	0.5	0.5	(0.1)	0.5	0.6
EBITDA Holding	(0.4)	0.1	n.m.	(0.1)	n.m.
IFRS16 Impact	0.3	0.2	34.1	0.2	34.1
<b>Total EBITDA</b>	<b>4.1</b>	<b>5.2</b>	<b>(21.2)</b>	<b>4.5</b>	<b>(9.5)</b>
EBITDA % MailUp + Contactlab	11.0	15.9		9.9	
EBITDA % Agile Telecom	3.3	4.8		2.5	
EBITDA % BEE	2.3	5.7		10.0	
EBITDA % Datatrics	(62.0)	(33.2)		(45.0)	
EBITDA % Acumbamail	19.8	24.2		20.0	
EBITDA % Holding	(3.7)	0.7		(1.5)	
<b>Total EBITDA %</b>	<b>4.0</b>	<b>7.3</b>		<b>4.6</b>	

Sources: Company data, CFO SIM estimates

**Table 4 – Growens, SaaS division's KPIs**

KPIs - SaaS	MailUp + Contactlab	Datatrics	Acumbamail	BEE	Date
ARR	€ 15.3m	€ 2.2m	€ 2.1m	\$ 10.7m	Dec-22
ARR growth	33.3%	-10.1%	14.3%	26.3%	Dec-22
Gross margin	57.6%	46.0%	86.8%	72.1%	FY-22
EBITDA margin	9.9%	-69.0%	24.9%	1.9%	FY-22
Net Revenue Retention	93.5%	76.8%	88.0%	106.7%	Dec-22

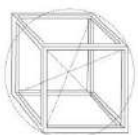
Sources: Company data

In 2022, Agile Telecom business unit, corresponding to the CPaaS division, reached its historical high in terms of turnover, totalling € 67.6m, and sent messages (2.2bn compared to 2.0bn in 2021).

**Table 5 – Growens, CPaaS division's KPIs**

KPIs - CPaaS	Value	Date
Revenues	€ 67.6m	FY-22
EBITDA	€ 2.3m	FY-22
# Sent Messages	2,202 million	FY-22

Sources: Company data

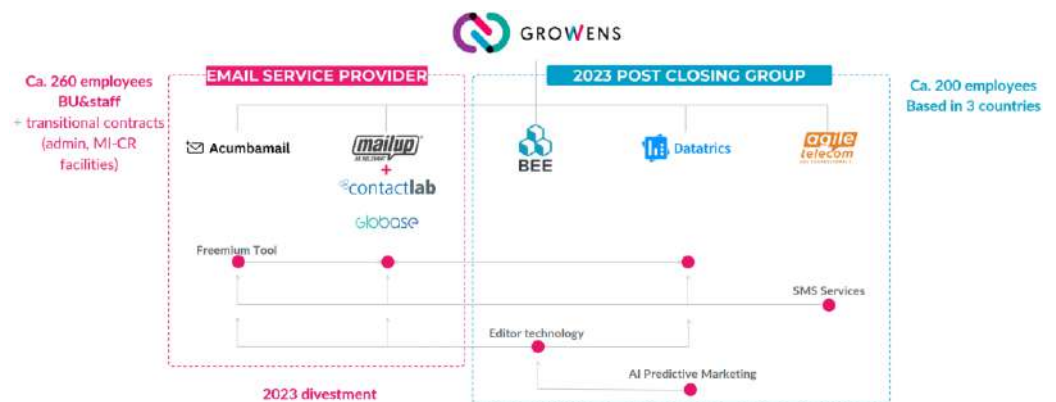


## Sale of the Email Service Provider business

In Feb-22, Growens signed a **binding agreement for the sale of the entire Email Service Provider business to TeamSystem for € 70m**, subject to certain adjustments based on the NWC and NFP at the closing date, which is expected by the end of Jun-23. The deal brings in significant value for the group's stakeholders and will allow Growens to considerably accelerate the development of BEE, the fastest-growing business unit within the group, both organically and through strategic M&A deals.

The **transaction's scope** comprises the MailUp business unit, as well as 100% of Contactlab SpA, Acumbamail SL, MailUp Nordics A/S and Globase International ApS. The agreement should generate a capital gain net of transaction costs and taxes to the tune of € 60m.

**Chart 5 – Growens, Sale of the Email Service Provider business: transaction scope**



Sources: Company data

According to the company, in 2022, the business units involved in the transaction had turnover of about € 28m with adjusted EBITDA of € 4m. It is worth noting that these figures include Contactlab for only eight months, i.e. as of May-22.

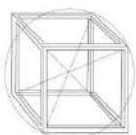
**Table 6 – Growens, FY-22 results post carve-out Email Service Provider business**

€ m	Cons. FY-22	One-off adjustments	Adjusted Cons. FY-22	Carve-out ESP	FY-22 post carve-out
SaaS Revenues	38.692		38.692	(27.297)	11.395
CPaaS Revenues	63.312		63.312	-	63.312
Other revenues	1.354		1.354	(0.305)	1.049
<b>Total revenues</b>	<b>103.358</b>		<b>103.358</b>	<b>(27.602)</b>	<b>75.756</b>
COGS	72.538	(0.019)	72.519		
<b>Gross Profit</b>	<b>30.821</b>	<b>0.019</b>	<b>30.840</b>	<b>(17.216)</b>	<b>13.624</b>
Sales & Marketing	9.986	(0.023)	9.963		
Research & Development	4.507	(0.035)	4.472		
General costs	12.230	(1.269)	10.961		
<b>Total Costs</b>	<b>26.723</b>	<b>(1.327)</b>	<b>25.396</b>	<b>(13.198)</b>	<b>12.198</b>
<b>EBITDA</b>	<b>4.098</b>	<b>1.346</b>	<b>5.444</b>	<b>(4.018)</b>	<b>1.426</b>

Sources: Company data

We believe that Growens has definitely signed a game-changing deal, significantly valuing the historic business of the group. It is worth remembering that MailUp was established in 2002 as a bootstrapped startup and has constantly grown both organically and through strategic acquisitions, of which the latest was Contactlab in Apr-22.

The substantial cash-in stemming from the sale of the Email Service Provider business will be geared towards 1) the **acceleration of the development of BEE**, the group's fastest-growing business unit, 2) **seizing potentially-accretive M&A deals** aimed at enriching BEE's offer and, 3) generating a return for stakeholders.



## Estimates, Valuation & Risks

Growens reported FY-22 results slightly better than our forecasts in terms of turnover and adjusted EBITDA, while bottom line came in lower than our projections mainly as a consequence of a few non-recurring items and higher than expected D&A.

Nevertheless, **the binding agreement signed with TeamSystem in February for the sale of the entire Email Service Provider business for € 70m, definitely shuffle the cards**: the deal envisages the sale of MailUp + Contactlab and Acumbamail business units, which in 2022 accounted for approximately € 28m revenues and € 4m adjusted EBITDA (with Contactlab consolidated for only eight months).

As a consequence, **we have updated our model** by factoring in 1) the deconsolidation of the MailUp + Contactlab and Acumbamail business units as of Jul-23, 2) the cash-in stemming from the transaction as well as its effect on the consolidated P&L and 3) a certain increase in S&M and R&D expenses in order to accelerate BEE's growth. We have also introduced projections for 2025.

**Table 7 – Growens, 2023e new/old estimates**

€ m	New	Old	% Diff.	€ m Diff.
<b>Total Revenues</b>	<b>104.8</b>	<b>114.3</b>	(8.3)	(9.4)
<b>EBITDA</b>	<b>4.7</b>	<b>8.0</b>	(41.2)	(3.3)
% margin	4.5	7.0		
<b>EBIT</b>	<b>(0.0)</b>	<b>2.9</b>	n.m.	(3.0)
% margin	(0.0)	2.6		
<b>Net Profit</b>	<b>59.8</b>	<b>1.8</b>	n.m.	<b>58.0</b>
% margin	57.0	1.6		
<b>Y/E net debt / (net cash)</b>	<b>(67.0)</b>	<b>(5.9)</b>	n.m.	<b>(61.1)</b>

Source: CFO SIM

**Table 8 – Growens, 2024e new/old estimates**

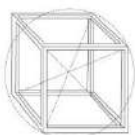
€ m	New	Old	% Diff.	€ m Diff.
<b>Total Revenues</b>	<b>99.7</b>	<b>126.8</b>	(21.4)	(27.1)
<b>EBITDA</b>	<b>3.2</b>	<b>9.7</b>	(67.0)	(6.5)
% margin	3.2	7.6		
<b>EBIT</b>	<b>(0.5)</b>	<b>4.7</b>	n.m.	(5.2)
% margin	(0.5)	3.7		
<b>Net Profit</b>	<b>(0.5)</b>	<b>2.9</b>	n.m.	(3.4)
% margin	(0.5)	2.3		
<b>Y/E net debt / (net cash)</b>	<b>(67.5)</b>	<b>(11.2)</b>	n.m.	<b>(56.3)</b>

Source: CFO SIM

**Table 9 – Growens, 2023e new/old estimates by business unit**

€ m	New	Old	% Diff.	€ m Diff.
MailUp + Contactlab	15.8	31.6	(50.0)	(15.8)
Agile Telecom	74.4	70.5	5.6	3.9
BEE	12.4	11.7	6.0	0.7
Datatics	2.7	2.7	(1.5)	(0.0)
Acumbamail	1.5	2.9	(49.3)	(1.5)
Holding	8.3	7.9	5.5	0.4
Consol. Adj.	(10.3)	(13.1)	(21.4)	2.8
<b>Total revenues</b>	<b>104.8</b>	<b>114.3</b>	<b>(8.3)</b>	<b>(9.4)</b>
EBITDA MailUp + Contactlab	2.0	4.1	(50.0)	(2.0)
EBITDA Agile Telecom	2.6	2.5	5.6	0.1
EBITDA BEE	0.2	1.2	(78.8)	(0.9)
EBITDA Datatics	(0.5)	(0.5)	(1.5)	0.0
EBITDA Acumbamail	0.3	0.6	(53.9)	(0.3)
EBITDA Holding	(0.1)	(0.1)	5.5	(0.0)
IFRS16 Impact	0.2	0.2	(39.4)	(0.1)
<b>Total EBITDA</b>	<b>4.7</b>	<b>8.0</b>	<b>(41.2)</b>	<b>(3.3)</b>

Source: CFO SIM



**Table 10 – Growens, 2024e new/old estimates by business unit**

€ m	New	Old	% Diff.	€ m Diff.
MailUp + Contactlab	-	33.8	n.m.	(33.8)
Agile Telecom	80.3	77.5	3.6	2.8
BEE	17.4	15.5	12.4	1.9
Datatics	2.8	3.0	(6.0)	(0.2)
Acumbamail	-	3.4	n.m.	(3.4)
Holding	7.9	8.3	(4.5)	(0.4)
Consol. Adj.	(8.7)	(14.6)	(40.4)	5.9
<b>Total revenues</b>	<b>99.7</b>	<b>126.8</b>	<b>(21.4)</b>	<b>(27.1)</b>
EBITDA MailUp + Contactlab	-	4.5	n.m.	(4.5)
EBITDA Agile Telecom	2.8	2.7	3.6	0.1
EBITDA BEE	0.3	1.5	(77.5)	(1.2)
EBITDA Datatics	-	0.0	(100.0)	(0.0)
EBITDA Acumbamail	-	0.7	n.m.	(0.7)
EBITDA Holding	(0.1)	(0.1)	(4.5)	0.0
IFRS16 Impact	0.2	0.2	(39.4)	(0.1)
<b>Total EBITDA</b>	<b>3.2</b>	<b>9.7</b>	<b>(67.0)</b>	<b>(6.5)</b>

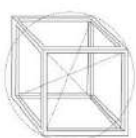
Source: CFO SIM

In order to better factor in BEE's growth potential in the medium-term, we decided to appraise Growens with a **sum-of-the-parts valuation**, instead of a DCF model. We decided to assess the equity value using 2023e and 2024e figures, equally weighted. As a result, we attained a **PT for Growens of € 7.50/s** (U.R.), 25.0% upside to current price levels. As a consequence, we assigned a **Buy recommendation** to the stock (U.R.).

Moreover, CFO has updated the DCF valuation criteria, bringing the Free Risk Rate up-to-date and postponed its first valuation projection to 2023. The combined result is an equity value of € 5.50/s.

**After the sale of the Email Service Provider business, the focus will definitely be on BEE:** the goal is to considerably accelerate the development of the company, which is the fastest-growing business unit within the group, both organically and through strategic M&A deals. In particular, organic growth will be sustained by strong investments in sales & marketing and research & development, in order to increase brand awareness and develop innovative features, such as connectors and artificial intelligence. With regard to M&A, management is currently in a scouting phase, looking for companies able to enrich BEE's offer, in terms of product, technology and people.

We believe that **Growens has definitely signed a game-changing deal**, significantly valuing the historic business of the group. The cash-in stemming from the transaction is huge and represents a **unique opportunity to boost the development of BEE**, the most promising business unit of the group. Nevertheless, **the execution risk of such a development plan is not to be underestimated.**





## Sum of the parts

The sum-of-the-parts valuation, also known as breakup value analysis, is a process of valuing a company by determining what its aggregate divisions would be worth if spun off or acquired. The valuation provides the company value by aggregating the standalone value of each of its business units. The equity value is then obtained by adjusting the company's net debt, pension provisions, minorities assessment and perpetuity of holding costs. Please note that Growens has no minority interests in its consolidated balance sheet.

**Growens is a vertically integrated player operating in the marketing technology sector.** Following the announcement of the Email Service Provider business, namely MailUp + Contactlab and Acumbamail business units, we have segmented the comparable companies into just two clusters: 1) companies operating in the marketing technology arena with a SaaS-based business model and 2) players working in the mobile messaging sector.

In order to evaluate the BEE and Datatrics business units, we considered the following companies:

**dotDigital Group PLC (United Kingdom):** dotDigital Group provides software, service technology and tools for digital marketing. Furthermore, it offers Software as a Service (SaaS) technologies, email marketing consultancy and managed services for businesses.

**HubSpot Inc (USA):** HubSpot provides a cloud-based marketing and sales software platform. The company offers integrated applications that help in lead generation and social marketing.

**Neosperience SpA (Italy):** Neosperience, listed on Euronext Growth Milan, provides digital marketing and e-commerce technologies. The company develops AI proprietary models that extract personality traits, lifestyles, attitudes, and behaviours from the interaction with its customers' websites, applications, chats, social media, and aggregators.

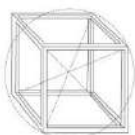
Amongst the mobile messaging players suitable to appraise the Agile Telecom business unit, we selected the following:

**CM.com NV (Netherlands):** CM.com is a conversational commerce provider, serving companies worldwide linking them to the mobile phones of their consumers. It provides messaging channels and voice solution from its cloud-based platform. CM.com is also a licensed Payment Service Provider (PSP).

**Kaleyra (USA):** Kaleyra provides cloud communication services. The company manages integrated multi-channel communication services using messages, push notifications, e-mail, instant messaging, voice, and chat bot services. Kaleyra serves customers worldwide.

**Link Mobility Group Holding ASA (Norway):** Link Mobility Group Holding, through its subsidiaries, provides communications platform as a service to improve personalised communications with multiple new channels and mobile communication services.

**Sinch AB (Sweden):** Sinch develops cloud communication platforms. The company offers personalised messaging, number masking, video calling, voicemail, and other related services. Sinch serves customers mainly in Sweden.



**Table 11 – Growens, peer group summary table**

€ m	Country	Mkt Cap	Sales FY1	EBITDA FY1	EBITDA %	Sales CAGR <sub>22-25</sub>	EBITDA CAGR <sub>22-25</sub>	EBIT CAGR <sub>22-25</sub>	EPS CAGR <sub>23-25</sub>	NFP /EBITDA
dotDigital Group PLC	UK	324	77	25	33.1%	7.1%	7.4%	7.5%	8.1%	(2.0)
HubSpot Inc	USA	19,538	1,887	294	15.6%	21.8%	n.m.	n.m.	38.7%	(3.2)
Neosperience SpA	Italy	41	25	8	31.6%	29.5%	28.3%	71.3%	100.8%	1.0
<b>SaaS Marketing median</b>		<b>324</b>	<b>77</b>	<b>25</b>	<b>31.6%</b>	<b>21.8%</b>	<b>17.9%</b>	<b>39.4%</b>	<b>38.7%</b>	<b>(2.0)</b>
CM.com NV	Netherlands	262	330	(8)	n.m.	19.6%	n.m.	n.m.	-47.2%	n.m.
Kaleyra Inc	USA	20	324	20	6.3%	4.1%	n.m.	-12.8%	n.a.	6.4
Link Mobility Group Holding ASA	Norway	221	496	67	13.4%	4.7%	-3.6%	21.1%	-27.6%	3.4
Sinch AB (publ)	Sweden	2,083	2,667	328	12.3%	10.4%	19.8%	72.4%	108.5%	2.1
<b>Mobile Messaging median</b>		<b>242</b>	<b>413</b>	<b>43</b>	<b>12.3%</b>	<b>7.6%</b>	<b>8.1%</b>	<b>21.1%</b>	<b>-27.6%</b>	<b>3.4</b>
<b>Growens SpA</b>	<b>Italy</b>	<b>93</b>	<b>105</b>	<b>5</b>	<b>4.5%</b>	<b>2.4%</b>	<b>2.0%</b>	<b>n.m.</b>	<b>n.m.</b>	<b>(14.3)</b>

Source: CFO SIM, Refinitiv Eikon

**Table 12 – Growens, peer group EV multiple table**

x	Sales FY1	Sales FY2	Sales FY3	EBITDA FY1	EBITDA FY2	EBITDA FY3
dotDigital Group PLC	3.53	3.15	2.78	10.7	9.6	8.3
HubSpot Inc	9.85	7.90	6.07	63.3	47.2	32.6
Neosperience SpA	1.99	1.47	1.06	6.3	4.8	3.3
<b>SaaS Marketing median</b>	<b>3.53</b>	<b>3.15</b>	<b>2.78</b>	<b>10.7</b>	<b>9.6</b>	<b>8.3</b>
CM.com NV	0.95	0.81	0.70	n.m.	40.7	17.8
Kaleyra Inc	0.46	0.43	0.38	7.4	6.1	5.2
Link Mobility Group Holding ASA	0.91	0.79	0.71	6.8	6.1	6.2
Sinch AB (publ)	1.04	0.87	0.69	8.5	7.0	5.5
<b>Mobile Messaging median</b>	<b>0.93</b>	<b>0.80</b>	<b>0.69</b>	<b>7.4</b>	<b>6.6</b>	<b>5.8</b>
<b>Growens SpA</b>	<b>0.25</b>	<b>0.25</b>	<b>0.22</b>	<b>5.5</b>	<b>8.0</b>	<b>5.6</b>
% Prem./(disc.) to SaaS Marketing	(93.0)	(91.9)	(92.1)	(48.3)	(17.0)	(32.6)
% Prem./(disc.) to Mobile Messaging	(73.4)	(68.2)	(68.1)	(25.1)	20.9	(3.6)

Source: CFO SIM, Refinitiv Eikon

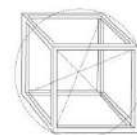
**Table 13 – Growens, peer group EV & price multiple table**

x	EBIT FY1	EBIT FY2	EBIT FY3	PER FY1	PER FY2	PER FY3
dotDigital Group PLC	16.4	14.7	12.8	23.1	21.7	19.7
HubSpot Inc	80.8	56.6	39.3	93.5	68.7	48.6
Neosperience SpA	19.5	9.7	5.6	38.7	16.3	9.6
<b>SaaS Marketing median</b>	<b>19.5</b>	<b>14.7</b>	<b>12.8</b>	<b>38.7</b>	<b>21.7</b>	<b>19.7</b>
CM.com NV	n.m.	n.m.	33.8	n.m.	n.m.	n.m.
Kaleyra Inc	n.m.	n.m.	n.m.	n.m.	n.a.	n.a.
Link Mobility Group Holding ASA	14.5	12.2	14.3	8.8	8.4	16.9
Sinch AB (publ)	22.6	14.9	9.9	54.3	22.2	12.5
<b>Mobile Messaging median</b>	<b>18.6</b>	<b>13.6</b>	<b>14.3</b>	<b>31.6</b>	<b>15.3</b>	<b>14.7</b>
<b>Growens SpA</b>	<b>n.m.</b>	<b>n.m.</b>	<b>36.4</b>	<b>1.6</b>	<b>n.m.</b>	<b>n.m.</b>
% Prem./(disc.) to SaaS Marketing	n.a.	n.a.	184.4	(96.0)	n.a.	n.a.
% Prem./(disc.) to Mobile Messaging	n.a.	n.a.	154.7	(95.1)	n.a.	n.a.

Source: CFO SIM, Refinitiv Eikon

In our SOTP valuation, we used 1) the median EV/Sales multiple of SaaS Marketing panel to evaluate the BEE and Datatrics business units and 2) the median EV/EBITDA multiple of the Mobile Messaging panel to appraise the Agile Telecom business unit. We have applied a **20% discount to peer multiples**, mainly due to Growens's smaller size and low level of stock liquidity on the back of its listing on the Euronext Growth Milan market.

**We decided to assess the equity value using 2023e and 2024e figures, equally weighted.** As a result, we attained an **equity value of € 7.50/s**, 25.0% upside to current price levels.



**Table 14 – Growens, Sum of the Parts equity value assessment – FY1 (2023e)**

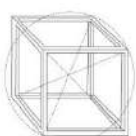
	€ m	% on EV	Methodology
BEE BU	35.2	60.6	2.8x peer multiple on € 12.4m BU Sales 2023e
Agile Telecom BU	15.4	26.5	5.9x peer multiple on € 2.6m BU EBITDA 2023e
Datatrix BU	7.5	13.0	2.8x peer multiple on € 2.7m BU Sales 2023e
<b>Total EV</b>	<b>58.1</b>	<b>100.0</b>	
Holding costs	(1.7)		Perpetuity of holding costs @ 7.3%
NFP	67.0		FY-23e Net Financial Position
Pension Provision	(4.0)		Pension last reported - FY-22
<b>Equity Value</b>	<b>119.3</b>		
<b>Per share FD</b>	<b>7.20</b>		
% upside/(downside)	20.0%		

Source: CFO SIM, Refinitiv Eikon

**Table 15 – Growens, Sum of the Parts equity value assessment – FY2 (2024e)**

	€ m	% on EV	Methodology
BEE BU	43.9	66.8	2.5x peer multiple on € 17.4m BU Sales 2024e
Agile Telecom BU	14.8	22.5	5.3x peer multiple on € 2.8m BU EBITDA 2024e
Datatrix BU	7.1	10.7	2.5x peer multiple on € 2.8m BU Sales 2024e
<b>Total EV</b>	<b>65.8</b>	<b>100.0</b>	
Holding costs	(1.6)		Perpetuity of holding costs @ 7.3%
NFP	67.5		FY-24e Net Financial Position
Pension Provision	(4.0)		Pension last reported - FY-22
<b>Equity Value</b>	<b>127.7</b>		
<b>Per share FD</b>	<b>7.70</b>		
% upside/(downside)	28.3%		

Source: CFO SIM, Refinitiv Eikon



## DCF

In the DCF-based valuation, we assess explicit estimates until 2027 and long-term growth of 1.5%. Cash flows are discounted back at a weighted average cost of capital calculated in accordance with the following parameters:

**Table 16 - WACC derived from:**

Interest costs, pre-tax	2.5%
Tax rate	37.0%
<b>Int. costs, after taxes</b>	<b>1.6%</b>
Risk premium, incl. small size premium	9.0%
Risk-free (10Y Gov. Bond 200dd mov. avg.)	4.00%
Beta levered (x)	0.37
<b>Required ROE</b>	<b>7.3%</b>

Source: CFO SIM, Refinitiv Eikon

**Risk premium at 9.0%** factors in the minute size of the company and basically all the concerns and disquiet an investor might have with regard to the Euronext Growth Milan market segment. **Beta at 0.37** corresponds to Growens's 5Y levered beta. The **risk-free rate at 4.00%** (previously 2.46%) corresponds to the 200-day moving average of the 10Y Italian Government Bond yield. The WACC is computed using the current 0/100% debt/equity balance-sheet structure, thus penalising the group's valuation.

**Table 17 - Growens, DCF model**

€ m	2023e	2024e	2025e	2026e	2027e	Term. Val.
EBIT	(0.0)	(0.5)	0.7	1.3	2.5	
Tax rate	37.0%	37.0%	37.0%	37.0%	37.0%	
<b>Operating profit (NOPAT)</b>	<b>(0.0)</b>	<b>(0.3)</b>	<b>0.4</b>	<b>0.8</b>	<b>1.6</b>	
Change working capital	(1.5)	2.0	(0.3)	(0.2)	(0.0)	
Depreciation	4.7	3.7	3.7	3.3	3.0	
Investments	(3.0)	(3.0)	(3.0)	(3.0)	(3.0)	
<b>Free Cash Flows</b>	<b>0.2</b>	<b>2.3</b>	<b>0.8</b>	<b>1.0</b>	<b>1.6</b>	<b>27.1</b>
Present value	0.2	2.1	0.7	0.8	1.1	19.4
WACC	7.3%	7.3%	7.3%	7.3%	7.3%	
<b>Long-term growth rate</b>	<b>1.5%</b>					

Source: CFO SIM

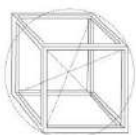
**Table 18 – Growens, DCF derived from:**

€ m	
Total EV present value € m	24.2
<i>thereof terminal value</i>	80%
NFP last reported - FY-22 adj. for ESP sale	70.1
Pension last reported - FY-22	(4.0)
<b>Equity value € m</b>	<b>90.3</b>
# m shares FD (excl. treasury shares)	16.5
<b>Equity value €/s FD</b>	<b>5.50</b>
% upside/(downside)	-8.3%

Source: CFO SIM

**By applying our DCF model we attained an equity value of € 90.3m, € 5.50/s.**

The following tables illustrate that sensitivity 1) compared to changes in the terminal growth rate produces an equity value between **€ 5.34-5.67/s (perpetuity range between 0.75% and 2.25%)**, while 2) if compared to changes in the free risk rate it produces an equity value of **€ 5.31-5.71/s (free-risk range between 4.75% and 3.25%)** and 3) if compared to changes in the risk premium, including small size premium, it results in an equity value of **€ 5.35-5.64/s (risk premium range between 10.50% and 7.50%)**.



**Table 19 – Growens, equity value sensitivity to changes in terminal growth rate**

€ m	0.75%	1.00%	1.25%	1.50%	1.75%	2.00%	2.25%
Present value of CF	4.8	4.8	4.8	4.8	4.8	4.8	4.8
PV of terminal value	17.1	17.8	18.6	19.4	20.3	21.3	22.4
<b>Total value</b>	<b>21.9</b>	<b>22.6</b>	<b>23.4</b>	<b>24.2</b>	<b>25.2</b>	<b>26.2</b>	<b>27.3</b>
NFP last reported adj. for ESP sale	70.1	70.1	70.1	70.1	70.1	70.1	70.1
Pension last reported	(4.0)	(4.0)	(4.0)	(4.0)	(4.0)	(4.0)	(4.0)
<b>Equity value € m</b>	<b>88.0</b>	<b>88.7</b>	<b>89.5</b>	<b>90.3</b>	<b>91.2</b>	<b>92.2</b>	<b>93.4</b>
# m shares FD (excl. treasury shares)	16.5	16.5	16.5	16.5	16.5	16.5	16.5
<b>Equity value €/s FD</b>	<b>5.34</b>	<b>5.38</b>	<b>5.43</b>	<b>5.50</b>	<b>5.54</b>	<b>5.60</b>	<b>5.67</b>

Source: CFO SIM

**Table 20 – Growens, equity value sensitivity to changes in free risk rate**

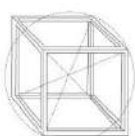
€ m	3.25%	3.50%	3.75%	4.00%	4.25%	4.50%	4.75%
Present value of CF	4.9	4.9	4.9	4.8	4.8	4.8	4.7
PV of terminal value	23.0	21.7	20.5	19.4	18.4	17.5	16.6
<b>Total value</b>	<b>28.0</b>	<b>26.6</b>	<b>25.4</b>	<b>24.2</b>	<b>23.2</b>	<b>22.3</b>	<b>21.4</b>
NFP last reported adj. for ESP sale	70.1	70.1	70.1	70.1	70.1	70.1	70.1
Pension last reported	(4.0)	(4.0)	(4.0)	(4.0)	(4.0)	(4.0)	(4.0)
<b>Equity value € m</b>	<b>94.0</b>	<b>92.7</b>	<b>91.5</b>	<b>90.3</b>	<b>89.3</b>	<b>88.3</b>	<b>87.5</b>
# m shares FD (excl. treasury shares)	16.5	16.5	16.5	16.5	16.5	16.5	16.5
<b>Equity value €/s FD</b>	<b>5.71</b>	<b>5.62</b>	<b>5.55</b>	<b>5.50</b>	<b>5.42</b>	<b>5.36</b>	<b>5.31</b>

Source: CFO SIM

**Table 21 – Growens, equity value sensitivity to changes in risk premium**

€ m	7.50%	8.00%	8.50%	9.00%	9.50%	10.00%	10.50%
Present value of CF	4.9	4.9	4.9	4.8	4.8	4.8	4.8
PV of terminal value	22.0	21.1	20.2	19.4	18.7	18.0	17.3
<b>Total value</b>	<b>26.9</b>	<b>25.9</b>	<b>25.1</b>	<b>24.2</b>	<b>23.5</b>	<b>22.7</b>	<b>22.1</b>
NFP last reported adj. for ESP sale	70.1	70.1	70.1	70.1	70.1	70.1	70.1
Pension last reported	(4.0)	(4.0)	(4.0)	(4.0)	(4.0)	(4.0)	(4.0)
<b>Equity value € m</b>	<b>93.0</b>	<b>92.0</b>	<b>91.1</b>	<b>90.3</b>	<b>89.6</b>	<b>88.8</b>	<b>88.1</b>
# m shares FD (excl. treasury shares)	16.5	16.5	16.5	16.5	16.5	16.5	16.5
<b>Equity value €/s FD</b>	<b>5.64</b>	<b>5.59</b>	<b>5.53</b>	<b>5.50</b>	<b>5.43</b>	<b>5.39</b>	<b>5.35</b>

Source: CFO SIM





## Peer Stock Performance

Growens was listed on Euronext Growth Milan 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. **Growens trades well above the IPO price**, +215.5% since the IPO. The stock reached a 1Y intraday maximum price of € 6.10/s on 30-Mar-23 and a minimum price of € 3.71/s on 5-Dec-22.

**Table 22 – Growens, peer group and index absolute performance**

	1D	1W	1M	3M	6M	YTD	1Y
dotDigital Group PLC	4.5	2.5	3.5	15.1	12.1	15.1	15.2
HubSpot Inc	2.8	8.3	5.0	48.3	58.7	48.3	(9.7)
Neosperience SpA	(1.4)	(18.9)	11.5	22.3	47.1	22.3	(13.4)
<b>SaaS Marketing median</b>	<b>2.8</b>	<b>2.5</b>	<b>5.0</b>	<b>22.3</b>	<b>47.1</b>	<b>22.3</b>	<b>(9.7)</b>
CM.com NV	(0.6)	1.5	(4.4)	(20.7)	(14.9)	(20.7)	(54.2)
Kaleyra Inc	(5.2)	(18.3)	(36.8)	(37.6)	(51.4)	(37.6)	(92.1)
Link Mobility Group Holding ASA	(0.4)	9.8	(18.3)	12.0	21.8	12.0	(51.3)
Sinch AB (publ)	(0.7)	4.5	(24.3)	(27.1)	85.2	(27.1)	(56.7)
<b>Mobile Messaging median</b>	<b>(0.7)</b>	<b>3.0</b>	<b>(21.3)</b>	<b>(23.9)</b>	<b>3.4</b>	<b>(23.9)</b>	<b>(55.5)</b>
<b>Growens SpA</b>	<b>(1.0)</b>	<b>5.3</b>	<b>2.4</b>	<b>39.9</b>	<b>34.5</b>	<b>39.9</b>	<b>16.7</b>
MSCI World Index	1.2	3.7	1.2	7.3	17.4	7.3	(8.6)
EUROSTOXX	0.6	4.4	(0.9)	11.5	25.4	11.5	5.1
FTSE Italia All Share	0.3	4.6	(2.6)	14.0	30.5	14.0	7.4
FTSE Italia STAR	(0.1)	2.4	(2.6)	6.4	18.7	6.4	(10.2)
FTSE Italia Growth	(0.2)	0.9	(0.5)	1.5	6.4	1.5	(9.7)

**Table 23 – Growens relative performances**

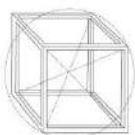
	1D	1W	1M	3M	6M	YTD	1Y
To SaaS Marketing median	(3.8)	2.8	(2.6)	17.6	(12.5)	17.6	26.5
To peer Mobile Messaging median	(0.3)	2.3	23.7	63.7	31.1	63.7	72.2
To MSCI World Index	(2.1)	1.6	1.2	32.6	17.2	32.6	25.3
To EUROSTOXX	(1.6)	0.9	3.3	28.4	9.2	28.4	11.6
To FTSE Italia All Share	(1.3)	0.7	5.0	25.9	4.0	25.9	9.3
To FTSE Italia STAR	(0.9)	2.8	5.0	33.5	15.8	33.5	26.9
To FTSE Italia Growth	(0.8)	4.4	2.9	38.4	28.1	38.4	26.5

Source: Refinitiv Eikon

## Risks

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

- Fast technological developments 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 showing higher firepower in the industry;
- The execution risk linked to BEE's development strategy following the sale of the ESP business is not to be underestimated.



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DATE	TARGET PRICE	RATING
03/04/2023	€7.50	BUY
06/02/2023	U.R.	U.R.
11/01/2023	€5.00	NEUTRAL
11/11/2022	€5.00	NEUTRAL
13/09/2022	€5.00	NEUTRAL
12/07/2022	€6.20	BUY
16/05/2022	€6.20	BUY
12/04/2022	€6.60	BUY
25/03/2022	€6.20	BUY
11/03/2022	€5.90	BUY

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The rating is determined on the basis of the **expected absolute return over a 12-month period** and not on the basis of the estimated outperformance or underperformance relative to a market index. Thus, the rating can be directly linked to the estimated percentage difference between current and target prices. 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.

