

Italy – Marketing Technology

Focus on Beefree's growth driven by huge investments

15th November 2023

Q3/9M-23 RESULTS RELEASE

RIC: GROWE.MI
BBG: GROW IM

9M-23 results further confirmed that the group is focused on accelerating Beefree's growth as well as improving the profitability of Agile Telecom. It is worth remembering that, 1) in July the sale of the ESP business to TeamSystem was completed, generating a net inflow of ca. € 72m, and 2) in October Datatrics was sold to Squeezely BV for € 1.6m.

Rating:

Neutral

Price Target:

€ 7.10 (€ 8.00)

Upside/(Downside): 9.6%

Last Price: € 6.48

Market Cap.: € 98.1m

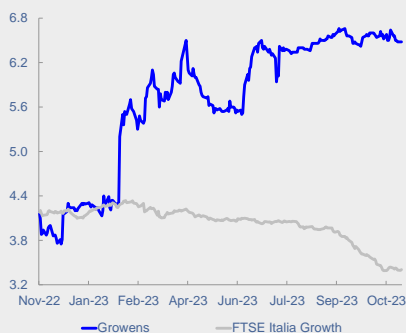
1Y High/Low: € 6.68 / € 3.71

Avg. Daily Turn. (3M, 6M): € 165k, € 173k

Free Float: 40.5%

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
Absolute	-1.8%	1.9%	55.0%
Rel.to FTSE IT Growth	2.0%	16.4%	73.6%
Rel.to Peers' median	-13.1%	1.3%	38.4%

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Estimates revised: SOTP-based PT of € 7.10/s (€ 8.00). Neutral confirmed

Following 9M-23 results, we have updated our model by factoring in: 1) a fine-tuning of growth rates at Beefree and Agile Telecom; 2) higher than previously expected Sales & Marketing and R&D costs for the Beefree's development; 3) the deconsolidation of Datatrics for the entire FY-23, in line with the IFRS-5 accounting principle; 4) the economic and financial effects of Datatrics' disposal; and 5) the maximum cash-out linked to the voluntary tender offer on treasury shares (€ 18m). The combined result in 2023-25 is an average cut of 5.9%, 16.2%, and 13.2% in revenues, EBITDA, and adjusted Net Profit, respectively. We have also updated the SOTP valuation, resulting in a PT of € 7.10/s (€ 8.00) as a combined result of the estimates revision and the peers' multiples derating. Neutral confirmed.

Revenues down by ca. 5%: Beefree up by 14%, Agile Telecom down 8%

In 9M-23, revenues were € 54.6m, down by 5.4% compared to € 57.7m in 9M-22. The SaaS division (i.e. Beefree) rose by 14.0% YoY to € 7.3m (13% of the total) whereas the CPaaS division (i.e. Agile Telecom) totalled € 46.6m (85% of the total), down by 8.2% YoY. Beefree continued to grow quarter by quarter: € 2.4m, € 2.4m, and € 2.6m in Q1, Q2, and Q3 2023, respectively, thanks to the increasing sales volume. As of the end of September, ARR reached \$ 11.6m (+14.4% YoY) and the Net Revenue Retention was 92.0%. Agile Telecom slightly declined YoY because of the strategic decision to focus on profitability instead of sales growth. Recurring revenues rose by 14.1% YoY to € 7.3m (13.6% of the total).

Gross profit benefited from Agile Telecom's focus on profitability

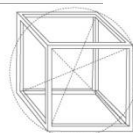
EBITDA was € 0.3m, down from € 0.7m reported in 9M-22 as a result of the increasing investments in S&M and R&D aimed at boosting Beefree's development. On the contrary, the decision to focus on profitability at Agile Telecom is clearly visible in terms of gross margin, which grew to 19.0% compared to 15.1% in 9M-22. EBT was € 61.7m, positively affected by the sale of the ESP business. Considering only the continuing operations, EBT was negative for € 2.5m, compared to the negative result of € 1.1m in 9M-22. NFP was € 57.4m cash because of the sale of the ESP business. NFP does not include the € 4.6m deposited in an escrow account in accordance with the sale agreement with TeamSystem. As a consequence, NFP adjusted for the aforementioned cash deposited in the escrow account, and the figurative debt stemming from the IFRS-16 was € 63.4m cash.

Datatrics was sold to Squeezely for € 1.6m, generating a capital loss of € 9.7m

In October, Growens sold for € 1.6m its entire stake in Datatrics to Squeezely BV, a subsidiary of Spotler, which is a leading player in the marketing automation field. Following the sale of the ESP business, Datatrics stopped being particularly strategic for Growens as it was not highly synergic with the remaining BUs. Furthermore, Datatrics struggled to return to growth after the pandemic and continued to absorb significant financial resources of the group. The agreement envisaged Growens waiving a € 7.0m intercompany loan. As a consequence, the disposal will produce a capital loss of ca. € 9.7m.

Growens, key financials and ratios

€ m	2021	2022	2023e	2024e	2025e
Total Revenues	71.2	103.4	75.0	81.9	89.9
EBITDA	5.2	4.1	1.0	1.8	2.2
EBIT	1.1	(2.8)	(2.5)	(2.0)	(1.6)
Net profit	0.4	(2.6)	55.5	(1.4)	(1.2)
NFP (cash)/debt	(6.5)	(0.1)	(44.4)	(41.8)	(39.5)
EBITDA margin	7.3%	4.0%	1.3%	2.3%	2.5%
EBIT margin	1.6%	-2.8%	-3.4%	-2.4%	-1.7%
EPS €	0.02	(0.17)	3.67	(0.09)	(0.08)
EPS growth	-38.0%	n.m.	n.m.	n.m.	17.6%
Free Cash Flow Yield	5.0%	-6.2%	-16.6%	-2.7%	-2.4%
PER x	n.m.	n.m.	n.m.	n.m.	n.m.
PCF x	15.3	16.3	55.7	41.0	37.5
EV/Sales x	0.86	0.68	0.72	0.69	0.65
EV/EBITDA x	11.7	17.2	53.7	30.6	26.5
EV/EBIT x	53.9	n.m.	n.m.	n.m.	n.m.

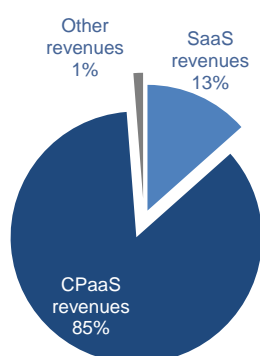


The Company at a Glance

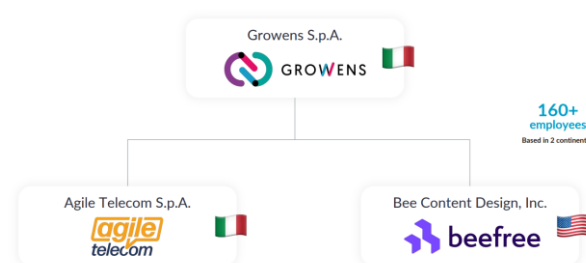
Founded in Cremona (Italy) in 2002 as an email service provider (i.e. the original business MailUp), Growens is now a leading international player in the Global Cloud Marketing Technologies market, one of the fastest growing industries worldwide. Its SaaS and CPaaS solutions allows SMEs and large corporations to master the evolving ways of communicating with customers. The group provides over 10,000 customers (1+ million of which are free users) in more than 115 countries with a wide range of solutions, mainly focusing on mobile messaging and no-code email content creation. Growens employs over 160 people on two continents, generating its turnover almost entirely abroad (foreign revenues are ca. 80% of the total).

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 (6 acquisitions since 2015 and 2 divestments), peaking with the launch of innovative products such as Beefree.io.

9M-23 sales breakdown by business division



Current group structure



Current shareholder structure

Shareholders	%	# m.
Nazzareno Gorni (via Poliedria Srl)	10.4%	1.61
Alberto Miscia (via AMO Srl)	10.4%	1.61
Matteo Monfredini (via MM Srl)	10.3%	1.59
Luca Azzali (via Yugen Srl)	10.0%	1.55
Matteo Bettoni (via Linea Srl)	9.8%	1.51
Pronti Gianluca (also via Zoidberg Srl)	8.0%	1.23
Treasury shares	0.4%	0.06
Free Float	40.5%	6.24
Total	100.0%	15.39

Source: Company data

Peer group absolute performance

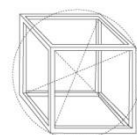
%	1D	1W	1M	3M	6M	YTD
dotDigital Group PLC	5.1	8.5	25.0	1.8	4.6	14.3
HubSpot Inc	5.5	4.0	(2.9)	(10.5)	(4.0)	57.5
Neosperience SpA	(0.6)	10.9	11.3	(6.3)	0.8	1.7
SaaS Marketing median	5.1	8.5	11.3	(6.3)	0.8	14.3
CM.com NV	2.8	2.2	0.0	(12.1)	2.2	(25.4)
Link Mobility Group Holding	0.1	(1.3)	22.8	9.4	26.4	105.1
Sinch AB (publ)	16.9	16.9	33.0	11.7	18.7	(29.7)
Twilio Inc	5.4	11.2	6.0	0.6	30.1	25.8
Mobile Messaging median	4.1	6.7	14.4	5.0	22.5	0.2
Growens SpA	0.0	(1.2)	(1.8)	1.9	16.5	51.0

Source: Refinitiv Eikon

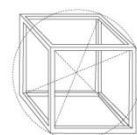
Peer group multiples table

Price & EV multiples x	SALES FY1	SALES FY2	EBITDA FY1	EBITDA FY2	EBIT FY1	EBIT FY2	PER FY1	PER FY2
dotDigital Group PLC	3.14	2.77	10.2	9.0	15.6	13.6	21.3	19.7
HubSpot Inc	10.02	8.40	55.3	44.5	67.9	53.2	76.4	65.3
Neosperience SpA	1.90	1.50	6.7	5.1	28.5	15.3	39.8	20.4
SaaS Marketing median	3.14	2.77	10.2	9.0	28.5	15.3	39.8	20.4
CM.com NV	1.10	1.02	n.m.	22.2	n.m.	n.m.	n.m.	n.m.
Link Mobility Group Holding ASA	1.10	0.91	9.2	7.0	19.7	12.5	14.9	12.3
Sinch AB (publ)	1.07	0.94	9.2	7.4	47.1	16.7	n.m.	34.6
Twilio Inc	2.07	1.85	11.7	10.2	17.7	14.6	28.0	25.2
Mobile Messaging median	1.10	0.98	9.2	8.8	19.7	14.6	21.5	25.2
Growens SpA	0.72	0.69	53.7	30.6	n.m.	n.m.	n.m.	n.m.

Sources: CFO SIM, Refinitiv Eikon



Income statement (€ m)	2021	2022	2023e	2024e	2025e
Total revenues	71.2	103.4	75.0	81.9	89.9
COGS	(47.4)	(72.5)	(58.5)	(63.8)	(70.1)
Gross Profit	23.8	30.8	16.5	18.0	19.8
Sales & Marketing	(7.3)	(10.0)	(7.5)	(8.2)	(9.0)
Research & Development	(3.2)	(4.5)	(3.4)	(3.7)	(4.0)
General costs	(8.1)	(12.2)	(4.6)	(4.3)	(4.5)
EBITDA	5.2	4.1	1.0	1.8	2.2
D&A	(4.1)	(6.9)	(3.5)	(3.8)	(3.8)
EBIT	1.1	(2.8)	(2.5)	(2.0)	(1.6)
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	57.3	0.0	0.0
Pre-Tax profit	1.1	(3.1)	54.5	(2.3)	(1.9)
Income taxes	(0.7)	0.6	1.0	0.8	0.7
Minorities	(0.0)	(0.0)	0.0	0.0	0.0
Net Profit	0.4	(2.6)	55.5	(1.4)	(1.2)
Net Profit adj.	0.4	(2.6)	(1.8)	(1.4)	(1.2)
Balance sheet (€ m)	2021	2022	2023e	2024e	2025e
Net Working Capital	(1.7)	1.8	4.2	4.7	5.2
Net Fixed Assets	26.9	31.8	11.0	12.2	13.4
Equity Investments	0.1	0.3	0.3	0.3	0.3
Other M/L Term A/L	(14.3)	(17.0)	(5.3)	(5.8)	(6.4)
Net Invested Capital	11.0	17.0	10.2	11.4	12.5
Net Financial Position	(6.5)	(0.1)	(44.4)	(41.8)	(39.5)
Minorities	(0.0)	(0.1)	(0.1)	(0.1)	(0.1)
Group's Shareholders Equity	17.5	17.1	54.6	53.2	52.0
Financial Liabilities & Equity	11.0	17.0	10.2	11.4	12.5
Cash Flow statement (€ m)	2021	2022	2023e	2024e	2025e
Total net income	0.4	(2.6)	(1.8)	(1.4)	(1.2)
Depreciation	4.1	6.9	3.5	3.8	3.8
Other non-cash charges	4.3	2.0	(11.6)	0.5	0.6
Cash Flow from Oper. (CFO)	8.7	6.3	(9.9)	2.9	3.2
Change in NWC	0.3	(3.6)	(2.4)	(0.5)	(0.5)
FCF from Operations (FCFO)	9.0	2.7	(12.3)	2.4	2.7
Net Investments (CFI)	(4.1)	(8.8)	74.6	(5.0)	(5.0)
Free CF to the Firm (FCFF)	4.9	(6.1)	62.3	(2.6)	(2.3)
CF from financials (CFF)	(1.4)	(0.1)	(18.0)	0.0	(0.0)
Free Cash Flow to Equity (FCFE)	3.5	(6.2)	44.3	(2.6)	(2.3)
Financial ratios	2021	2022	2023e	2024e	2025e
EBITDA margin	7.3%	4.0%	1.3%	2.3%	2.5%
EBIT margin	1.6%	-2.8%	-3.4%	-2.4%	-1.7%
Adj. Net profit margin	0.5%	-2.5%	-2.4%	-1.7%	-1.3%
Tax rate	65.9%	17.8%	n.m.	n.m.	n.m.
Op NWC/Sales	-2.4%	1.8%	5.7%	5.8%	5.8%
Interest coverage x	0.04	(0.10)	(0.11)	(0.14)	(0.18)
Net Debt/EBITDA x	(1.25)	(0.02)	(44.41)	(22.67)	(17.84)
Debt-to-Equity x	(0.37)	(0.00)	(0.81)	(0.79)	(0.76)
ROIC	3.2%	n.m.	n.m.	n.m.	n.m.
ROCE	4.1%	n.m.	n.m.	n.m.	n.m.
ROACE	4.1%	n.m.	n.m.	n.m.	n.m.
ROE	2.0%	n.m.	n.m.	n.m.	n.m.
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	15.39	15.39	15.39	15.39
Average Number of shares Fully Diluted # m	17.37	16.38	15.39	15.39	15.39
EPS stated FD €	0.02	(0.16)	3.61	(0.09)	(0.08)
EPS adjusted FD €	0.02	(0.16)	(0.12)	(0.09)	(0.08)
EBITDA €	0.30	0.25	0.06	0.12	0.14
EBIT €	0.07	(0.17)	(0.16)	(0.13)	(0.10)
BV €	1.01	1.11	3.54	3.45	3.38
FCFO €	0.52	0.17	(0.80)	0.15	0.17
FCFF €	0.28	(0.37)	4.05	(0.17)	(0.15)
FCFE €	0.20	(0.38)	2.88	(0.17)	(0.15)
Dividend €	0.00	0.00	0.00	0.00	0.00



Q3/9M-23 Results

9M-23 figures were edited to treat the Email Service Provider business (i.e. MailUp, Contactlab, and Acumbamail) and Datatrics as discontinued operations in accordance with the IFRS-5 accounting principle, thus excluding them from the consolidated financial statements and restating also 9M-22 figures. It is worth remembering that 1) on July 13th the **sale of the ESP business** to TeamSystem was completed, generating a net inflow of approximately **€ 72m**, and 2) on October 23rd **Datatrics was sold to Squeezely BV**, a subsidiary of Spotler group, a leading player in the marketing automation in the Netherlands and UK, **for € 1.6m**.

Table 1 – Growens, Q3/9M-23 results

€ m	9M-23	9M-22	% YoY	Q3-23	Q3-22	% YoY
SaaS Revenues	7.3	6.4	14.0	2.6	2.3	12.2
CPaaS Revenues	46.6	50.8	(8.2)	17.1	19.0	(9.6)
Other revenues	0.7	0.5	30.2	0.3	0.2	86.5
Total revenues	54.6	57.7	(5.4)	20.0	21.4	(6.5)
Gross Profit	10.4	8.7	19.2	3.7	3.1	19.0
% margin	19.0	15.1		18.3	14.4	
EBITDA	0.3	0.7	(60.1)	(0.4)	0.5	n.m.
% margin	0.5	1.3		(1.8)	2.4	
EBT from continuing operations	(2.5)	(1.1)	n.m.	(1.4)	(0.1)	n.m.
% margin	(4.6)	(1.9)		(7.1)	(0.4)	
EBT from discontinued operations	64.2	0.4	n.m.	66.0	0.9	n.m.
% margin	n.m.	0.7		n.m.	4.4	
EBT	61.7	(0.7)	n.m.	64.6	0.8	n.m.
% margin	n.m.	(1.3)		n.m.	4.0	
NFP (cash)/debt *	(57.4)	(0.1)	n.m.			
Adj. NFP (cash)/debt *	(63.4)	(2.4)	n.m.			

Sources: Company data *compared to FY-22 NFP

At the end of September 2023, **total revenues were € 54.6m, down by 5.4%** compared to € 57.7m in 9M-22. **The SaaS division** (i.e. Beefree) rose by 14.0% YoY to € 7.3m (13% of the total) whereas **the CPaaS division** (i.e. Agile Telecom) **totalled € 46.6m** (85% of the total), down by 8.2% YoY. In particular:

- ✓ **Beefree continued to grow quarter by quarter:** € 2.4m, € 2.4m, and € 2.6m in Q1, Q2, and Q3 2023, respectively, thanks to the increasing sales volume. As of the end of September, **ARR reached \$ 11.6m (+14.4% YoY)** and the **Net Revenue Retention was 92.0%**.
- ✓ **Agile Telecom** slightly declined YoY because of the strategic decision to **focus on profitability** instead of sales growth.

Recurring revenues rose by 14.1% YoY to € 7.3m, representing 13.6% of total revenues. Foreign sales were € 44.1m, 82% of the total, broadly stable YoY (-1.1%).

The newly gained customers include the University of Southern California, Dior, Lee Enterprise, Expleo Group, and the University of Sydney.

EBITDA was € 0.3m, down from € 0.7m reported in 9M-22 as a result of **the increasing investments in sales & marketing and research & development aimed at boosting Beefree's development**.

On the contrary, the decision to focus on profitability at Agile Telecom is clearly visible in terms of **gross margin**, which **grew to 19.0%** compared to 15.1% in 9M-22.

EBT was € 61.7m, positively affected by the sale of the ESP business. Considering the continuing operations only, EBT was negative for € 2.5m, compared to a negative result of € 1.1m in 9M-22.

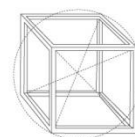


Table 2 – Growens, the main SaaS division's KPIs

KPI SaaS	Beefree	Date
ARR	\$ 11,645,196	Sep-23
ARR growth	+14.4%	Sep-23
Gross margin	79.0%	H1-23
EBITDA margin	2.7%	Q3-23
Net Revenue Retention	92.0%	Sep-23

Sources: Company data

Net financial position was € 57.4m cash because of the sale of the ESP business. The NFP does not include € 4.6m deposited in an escrow account in accordance with the sale agreement with TeamSystem. As a consequence, NFP adjusted for the aforementioned cash deposited in an escrow account, and the figurative debt stemming from the IFRS-16 was € 63.4m cash.

Sale of Datatrics

In October, **Growens sold its entire stake in Datatrics to Squeezely BV**, a subsidiary of Spotler group, which is a leading player in marketing automation in the Netherlands and UK, **for € 1.6m**.

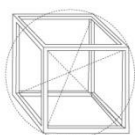
Following the sale of the ESP business, **Datatrics stopped being particularly strategic for Growens** as it was not highly synergic with the remaining business units, namely Beefree and Agile Telecom. Furthermore, it is worth remembering that Datatrics struggled to return to growth after the pandemic and continued to absorb significant financial resources of the group.

In addition, the agreement envisaged Growens waiving a € 7.0m intercompany loan. As a consequence, **the disposal will produce a capital loss in Q4-23 of approximately € 9.7m**.

Datatrics was acquired by Growens in 2018 for € 3.8m, in addition to a € 2.0m earn out, € 1.0m of which paid cash and € 1.0m through Growens' shares valued at € 2.368/s. In 2018, the company's revenues totalled at € 1.0m whereas in 2022 they reached € 2.5m.

Voluntary tender offer on treasury shares

On 13th November started the voluntary tender offer on treasury shares, launched by Growens on 18th September. **Growens will acquire a maximum 2.65 million of shares, representing 17.2% of Growens' share capital, at € 6.80/s for a maximum cash-out of € 18.0m**. The offering period will end on 6th December, included.



Estimates, Valuation & Risks

9M-23 results further confirmed the group's focus is now on accelerating Beefree's growth as well as improving the profitability of Agile Telecom. In addition, we remind that, as of the beginning of the year, **Growens started to increase the investments in research & development and sales & marketing and plans to invest further at least € 15m in the next three years (2024-26)** to sustain the group's organic growth.

Following 9M-23 results, **we have updated our model** by factoring in: 1) a fine-tuning of growth rates at Beefree and Agile Telecom; 2) higher than previously expected Sales & Marketing and R&D costs for Beefree's development; 3) the deconsolidation of Datatrics for the entire FY-23, in line with the IFRS-5 accounting principle; 4) the economic and financial effects of Datatrics' disposal; and 5) the maximum cash-out linked to the voluntary tender offer on treasury shares (€ 18m). The combined result **in 2023-25 is an average cut of 5.9%, 16.2%, and 13.2% in revenues, EBITDA and adjusted Net Profit, respectively.**

Table 3 – Growens, 2023e new/old estimates

€ m	New	Old	% Diff.	€ m Diff.
Total Revenues	75.0	79.4	(5.5)	(4.4)
EBITDA	1.0	1.8	(43.7)	(0.8)
% margin	1.3	2.2		
EBIT	(2.5)	(2.6)	1.1	0.0
% margin	(3.4)	(3.2)		
Net Profit	55.5	58.2	(4.6)	(2.7)
% margin	74.0	73.3		
Y/E net debt (net cash)	(44.4)	(61.3)	27.5	16.9

Source: CFO SIM

Table 4 – Growens, 2024e new/old estimates

€ m	New	Old	% Diff.	€ m Diff.
Total Revenues	81.9	87.3	(6.3)	(5.5)
EBITDA	1.8	1.9	(0.7)	(0.0)
% margin	2.3	2.1		
EBIT	(2.0)	(1.7)	(18.7)	(0.3)
% margin	(2.4)	(1.9)		
Net Profit	(1.4)	(1.2)	(16.0)	(0.2)
% margin	(1.7)	(1.4)		
Y/E net debt (net cash)	(41.8)	(60.2)	30.6	18.4

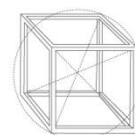
Source: CFO SIM

Table 5 – Growens, 2025e new/old estimates

€ m	New	Old	% Diff.	€ m Diff.
Total Revenues	89.9	95.5	(5.8)	(5.6)
EBITDA	2.2	2.3	(4.4)	(0.1)
% margin	2.5	2.4		
EBIT	(1.6)	(1.2)	(30.2)	(0.4)
% margin	(1.7)	(1.3)		
Net Profit	(1.2)	(0.9)	(24.5)	(0.2)
% margin	(1.3)	(1.0)		
Y/E net debt (net cash)	(39.5)	(57.7)	31.6	18.2

Source: CFO SIM

We have also updated the SOTP valuation, resulting in a **PT of € 7.10/s (€ 8.00)**, as a combined result of the estimates revision and the peers' multiples derating. **Neutral** recommendation is confirmed.



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.

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, and Datatrics 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 Beefree business unit, 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 solutions from its cloud-based platform. CM.com is also a licensed Payment Service Provider (PSP).

Link Mobility Group Holding ASA (Norway): Link Mobility Group Holding, through its subsidiaries, provides a 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.

Twilio (USA): Twilio offers cloud communications platform, which enables developers to build, scale, and deploy real-time communications within software applications.

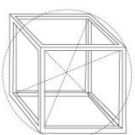


Table 6 – Growens, peer group summary table

€ m	Country	Mkt Cap	Sales FY1	EBITDA FY1	EBITDA %	Sales CAGR ₂₂₋₂₅	EBITDA CAGR ₂₂₋₂₅	EBIT CAGR ₂₂₋₂₅	EPS CAGR ₂₃₋₂₅	NFP /EBITDA
dotDigital Group PLC	UK	327	90	28	30.6%	10.0%	8.5%	10.1%	7.5%	n.m.
HubSpot Inc	USA	21,064	2,012	364	18.1%	19.9%	n.m.	n.m.	22.2%	n.m.
Neosperience SpA	Italy	36	26	7	28.4%	22.4%	21.6%	53.4%	96.7%	1.8
SaaS Marketing median		327	90	28	28.4%	19.9%	15.0%	31.8%	22.2%	1.8
CM.com NV	Netherlands	243	292	(3)	n.m.	8.7%	n.m.	n.m.	n.m.	n.m.
Link Mobility Group Holding ASA	Norway	380	537	65	12.0%	9.4%	10.6%	24.2%	17.6%	3.3
Sinch AB (publ)	Sweden	1,923	2,483	289	11.6%	4.8%	11.8%	35.7%	473.3%	2.5
Twilio Inc	USA	10,251	3,784	666	17.6%	9.3%	n.m.	n.m.	21.3%	n.m.
Mobile Messaging median		1,151	1,510	177	12.0%	9.0%	11.2%	30.0%	21.3%	2.9
Growens SpA	Italy	98	75	1	1.3%	-4.5%	-18.6%	n.m.	n.m.	n.m.

Source: CFO SIM, Refinitiv Eikon

Table 7 – Growens, peer group EV multiple table

x	Sales FY1	Sales FY2	Sales FY3	EBITDA FY1	EBITDA FY2	EBITDA FY3
dotDigital Group PLC	3.14	2.77	2.46	10.2	9.0	8.1
HubSpot Inc	10.02	8.40	6.91	55.3	44.5	33.3
Neosperience SpA	1.90	1.50	1.05	6.7	5.1	3.5
SaaS Marketing median	3.14	2.77	2.46	10.2	9.0	8.1
CM.com NV	1.10	1.02	0.89	n.m.	22.2	12.6
Link Mobility Group Holding ASA	1.10	0.91	0.74	9.2	7.0	5.4
Sinch AB (publ)	1.07	0.94	0.82	9.2	7.4	6.2
Twilio Inc	2.07	1.85	1.70	11.7	10.2	8.6
Mobile Messaging median	1.10	0.98	0.85	9.2	8.8	7.4
Growens SpA	0.72	0.69	0.65	53.7	30.6	26.5
% Prem./(disc.) to SaaS Marketing	(77.2)	(75.2)	(73.5)	n.m.	n.m.	n.m.
% Prem./(disc.) to Mobile Messaging	(35.1)	(29.8)	(23.7)	n.m.	n.m.	n.m.

Source: CFO SIM, Refinitiv Eikon

Table 8 – Growens, peer group EV & price multiple table

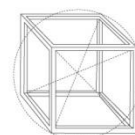
x	EBIT FY1	EBIT FY2	EBIT FY3	PER FY1	PER FY2	PER FY3
dotDigital Group PLC	15.6	13.6	11.9	21.3	19.7	18.4
HubSpot Inc	67.9	53.2	42.2	76.4	65.3	51.2
Neosperience SpA	28.5	15.3	7.4	39.8	20.4	10.3
SaaS Marketing median	28.5	15.3	11.9	39.8	20.4	18.4
CM.com NV	n.m.	n.m.	112.9	n.m.	n.m.	n.m.
Link Mobility Group Holding ASA	19.7	12.5	9.7	14.9	12.3	10.8
Sinch AB (publ)	47.1	16.7	16.8	n.m.	34.6	20.0
Twilio Inc	17.7	14.6	12.0	28.0	25.2	19.1
Mobile Messaging median	19.7	14.6	14.4	21.5	25.2	19.1
Growens SpA	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
% Prem./(disc.) to SaaS Marketing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
% Prem./(disc.) to Mobile Messaging	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

Source: CFO SIM, Refinitiv Eikon

In our SOTP valuation, we used 1) the median EV/Sales multiple of the SaaS Marketing panel to evaluate the Beefree business unit 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 € 7.10/s** (€ 8.00), as a combined result of the estimates revision and the peers' multiples derating.



As we have included in our forecasts the maximum cash-out expected from the voluntary tender offer, we used a number of shares excluding the maximum amount of treasury shares that can be collected with the offer, in the appraisal of Growens's equity value per share.

Table 9 – Growens, Sum of the Parts equity value assessment – FY1 (2023e)

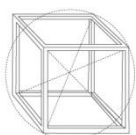
	€ m	% on EV	Methodology
Beefree BU	27.9	57.0	2.5x peer multiple on € 11.1m BU Sales 2023e
Agile Telecom BU	21.1	43.0	7.3x peer multiple on € 2.9m BU EBITDA 2023e
Total EV	48.9	100.0	
Holding costs	(3.3)		Perpetuity of holding costs @ 7.6%
NFP	44.4		FY-23e Net Financial Position
Pension Provision	(1.1)		Pension last reported - H1-23
Equity Value	89.0		
# m shares (excl. treasury shares)	12.7		
Per share	7.00		
<i>% upside/(downside)</i>	8.0%		

Source: CFO SIM, Refinitiv Eikon

Table 10 – Growens, Sum of the Parts equity value assessment – FY2 (2024e)

	€ m	% on EV	Methodology
Beefree BU	32.0	59.0	2.2x peer multiple on € 14.4m BU Sales 2024e
Agile Telecom BU	22.3	41.0	7x peer multiple on € 3.2m BU EBITDA 2024e
Total EV	54.3	100.0	
Holding costs	(3.3)		Perpetuity of holding costs @ 7.6%
NFP	41.8		FY-24e Net Financial Position
Pension Provision	(1.1)		Pension last reported - H1-23
Equity Value	91.7		
# m shares (excl. treasury shares)	12.7		
Per share	7.20		
<i>% upside/(downside)</i>	11.1%		

Source: CFO SIM, Refinitiv Eikon



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**, +237.5% since the IPO. The stock reached a 1Y intraday maximum price of € 6.68/s on 12-Sep-23 and a minimum price of € 3.71/s on 5-Dec-22.

Table 11 – Growens, peer group, and index absolute performance

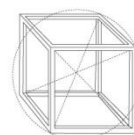
%	1D	1W	1M	3M	6M	YTD	1Y
dotDigital Group PLC	5.1	8.5	25.0	1.8	4.6	14.3	11.3
HubSpot Inc	5.5	4.0	(2.9)	(10.5)	(4.0)	57.5	55.4
Neosperience SpA	(0.6)	10.9	11.3	(6.3)	0.8	1.7	24.9
SaaS Marketing median	5.1	8.5	11.3	(6.3)	0.8	14.3	24.9
CM.com NV	2.8	2.2	0.0	(12.1)	2.2	(25.4)	(38.0)
Link Mobility Group Holding ASA	0.1	(1.3)	22.8	9.4	26.4	105.1	61.3
Sinch AB (publ)	16.9	16.9	33.0	11.7	18.7	(29.7)	(31.5)
Twilio Inc	5.4	11.2	6.0	0.6	30.1	25.8	16.6
Mobile Messaging median	4.1	6.7	14.4	5.0	22.5	0.2	(7.5)
Growens SpA	0.0	(1.2)	(1.8)	1.9	16.5	51.0	55.0
MSCI World Index	2.0	2.6	2.6	0.5	5.7	13.9	11.7
EUROSTOXX	1.6	3.2	3.3	(0.6)	(1.5)	9.8	7.1
FTSE Italia All Share	1.5	3.4	3.8	2.8	6.7	21.7	17.5
FTSE Italia STAR	2.2	4.1	6.5	(2.9)	(8.2)	(5.3)	(9.4)
FTSE Italia Growth	0.3	(0.2)	(3.9)	(14.5)	(16.3)	(17.6)	(18.6)

Source: Refinitiv Eikon

Table 12 – Growens, relative performances

%	1D	1W	1M	3M	6M	YTD	1Y
To SaaS Marketing median	(5.1)	(9.7)	(13.1)	8.2	15.7	36.8	30.1
To peer Mobile Messaging median	(4.1)	(7.9)	(16.2)	(3.1)	(6.0)	50.8	62.5
To MSCI World Index	(2.0)	(3.9)	(4.4)	1.4	10.8	37.2	43.4
To EUROSTOXX	(1.6)	(4.5)	(5.1)	2.5	18.0	41.2	47.9
To FTSE Italia All Share	(1.5)	(4.7)	(5.6)	(0.9)	9.8	29.3	37.5
To FTSE Italia STAR	(2.2)	(5.3)	(8.3)	4.8	24.7	56.4	64.4
To FTSE Italia Growth	(0.3)	(1.0)	2.0	16.4	32.8	68.6	73.6

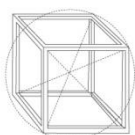
Source: Refinitiv Eikon



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 the global economic growth or geopolitical instability;
- Departure of one or more of the key people;
- M&A execution being hampered by potential consolidating actors showing higher firepower in the industry;
- The execution risk linked to Beefree's development strategy following the sale of the ESP business is not to be underestimated.



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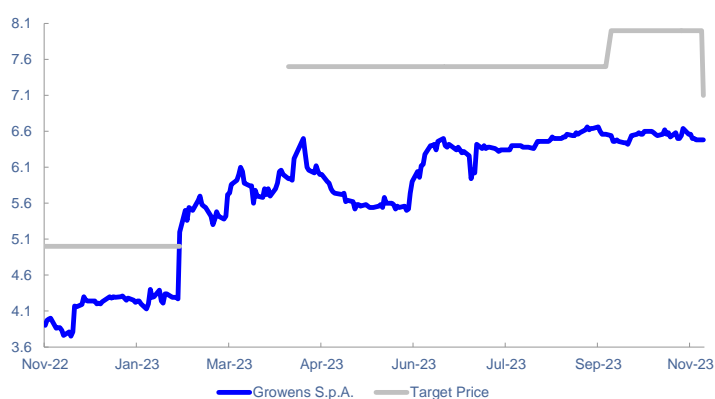
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DATE	TARGET PRICE	RATING
15/11/2023	€7.10	NEUTRAL
25/09/2023	€8.00	NEUTRAL
10/05/2023	€7.50	BUY
03/04/2023	€7.50	BUY
06/02/2023	U.R.	U.R.
11/01/2023	€5.00	NEUTRAL
11/11/2022	€5.00	NEUTRAL

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- 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% range identified using the preceding criteria.

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.

