

## Italy – Marketing Technology

## A good set of results, broadly aligned with expectations

25<sup>th</sup> March 2022

### FY-21 RESULTS RELEASE

RIC: GROWE.MI  
BBG: GROW IM

Growens unveiled FY-21 results broadly in line with our estimates with regard to top line and EBITDA. Bottom line came in lower than our projections on the back of higher D&A. NFP strongly improved thanks to a massive cash flow generation: the huge amount of cash available allows Growens to seize further M&A opportunities besides the one the group has been working on for a few months.

#### Rating:

**Buy**

#### Price Target:

**€ 6.20 (€ 5.90)**

Upside/(Downside): 22.5%

Last Price: € 5.06

Market Cap.: € 75.8m

1Y High/Low: € 5.48 / € 3.81

Avg. Daily Turn. (3M, 6M): € 30k, € 40k

Free Float: 36.5%

#### Major shareholders:

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



#### Stock price performance

	1M	3M	12M
<b>Absolute</b>	<b>12.4%</b>	<b>2.6%</b>	<b>14.5%</b>
<b>Rel.to FTSE IT Growth</b>	<b>6.9%</b>	<b>10.3%</b>	<b>-8.7%</b>
<b>Rel.to Peers median</b>	<b>22.1%</b>	<b>32.3%</b>	<b>62.5%</b>

#### Analysts:

Luca Arena  
+39 02 30343 395  
luca.arena@cfosim.com

Gianluca Mozzali  
+39 02 30343 396  
gianluca.mozzali@cfosim.com

Luca Solari  
+39 02 30343 397  
luca.solari@cfosim.com

#### Estimates fine-tuned. New PT of € 6.20/s (€ 5.90), 22.5% upside. Buy reiterated

Following the 2021 results, we have updated our model, factoring in: 1) almost unchanged top line growth for 2022-23, 2) a fine tuning of the expected EBITDA margin of some business units, and 3) an increase in D&A in line with the figure reported in 2021. The combined result is an average 1.3% increase in Revenues as well as an average 6.7% and 21.2% reduction in EBITDA and Net Profit, respectively, in 2022-23. NFP improved by 19.4% on average in the same time period. We have also introduced projections for 2024. Moreover, CFO has updated the DCF valuation criteria, bringing the Free Risk Rate up-to-date and postponed the first valuation projection to 2022. The combined result is a new PT of € 6.20/s (€ 5.90), with an upside of 22.5% to current price levels. Buy reiterated.

#### Total Revenues grew by 9.2% YoY to € 71.2m. BEE continues its strong growth path

In 2021, total revenues were € 71.2m, up by 9.2% YoY, driven by increasing sales in both the SaaS and the CPaaS divisions, which totalled € 26.1m (+10.2% YoY) and € 44.1m (+10.1% YoY), respectively. Foreign revenues represented 54% of total (+11.5% YoY) and recurring revenues accounted for 30% of total (+14% YoY). MailUp grew by 5.9% YoY, totalling € 16.6m. After a tough 2020, MailUp started a recovery phase thanks to a product-led strategy and the development of the indirect channel abroad. Agile Telecom totalled € 47.5m, up by 10.4% YoY, driven by the continuing recovery of the SMS traffic since Q2-21. BEE rose by 42.6% YoY (47.9% at a constant FX) to € 5.6m, confirming its position as the fastest growing business unit of the group. Acumbamail generated € 2.1m in revenues, up by 34.0% YoY. Datatrics's sales decreased by 10.6% YoY even if the reorganisation initiatives launched in 2020 produced an increase in lead generation and the client pipeline.

#### EBITDA at € 5.2m, broadly in line both YoY and with expectations

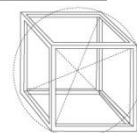
EBITDA totalled € 5.2m, 7.3% margin, broadly in line YoY. Gross margin rose by 70 bps to 33.4% thanks to the ongoing effect of streamlining measures and cost savings. In 2021, margins suffered from the slowdown in the acquisition process of new mid-large clients as well as from the deferral of marketing investments in certain industries due to the pandemic. Nevertheless, the group has not suspended or deferred any strategic investments in R&D and S&M. Moreover, EBITDA benefited from Agile Telecom's and Acumbamail's growing EBITDA as well as from the reduction of Datatrics's operating loss. EBIT was € 1.1m, 1.6% margin, down 18.0% YoY after D&A of € 4.1m (€ 3.7m in 2020). Net Profit was € 0.4m, declining 34.8% YoY. EBIT and Net Profit were lower than CFO SIM's estimates mainly due to higher than expected D&A stemming from higher than expected capex.

#### Net cash at € 6.5m largely exceeded expectations: massive CF generation

NFP improved to € 6.5m net cash, vs € 2.5m net cash at end-20, thanks to a massive CF generation, more than double that expected. Cash and cash equivalents amounted to € 13.3m, due to 1) the positive dynamics of certain tax credits, 2) the huge Op.CF generated by Agile Telecom and Acumbamail and 3) the cash in stemming from some grants.

#### Growens, key financials and ratios

€ m	2020	2021	2022e	2023e	2024e
Total Revenues	65.2	71.2	79.4	88.2	96.1
EBITDA	5.1	5.2	6.5	8.2	9.6
EBIT	1.4	1.1	2.6	4.4	5.9
Net profit	0.6	0.4	1.6	2.7	3.7
NFP (cash)/debt	(2.5)	(6.5)	(8.4)	(12.4)	(17.2)
EBITDA margin	7.8%	7.3%	8.2%	9.3%	10.0%
EBIT margin	2.1%	1.6%	3.3%	5.0%	6.1%
EPS €	0.04	0.02	0.11	0.18	0.24
EPS growth	-50.9%	-34.8%	330.0%	73.5%	33.1%
Free Cash Flow Yield	2.7%	5.1%	2.5%	5.3%	6.2%
PER x	127.2	183.3	47.8	27.6	20.7
PCF x	16.8	15.2	13.7	11.6	10.3
EV/Sales x	1.06	0.86	0.85	0.72	0.61
EV/EBITDA x	13.6	11.7	10.3	7.7	6.1
EV/EBIT x	50.2	53.9	26.1	14.3	10.0



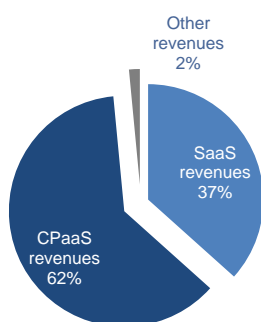
## The Company at a Glance

Founded in Cremona (Italy) in 2002 as an email service provider, Growens is now a leading international player in the Global 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 26,000 customers in more than 115 countries with a wide range of solutions. Growens operates two business divisions, declined in five synergic business units, corresponding to five different companies.

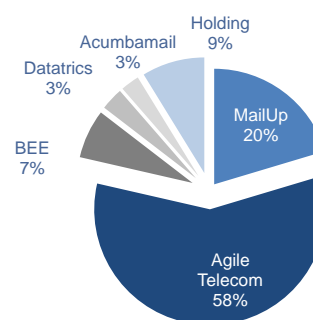
- The SaaS (Software-as-a-Service) division is characterised by subscription-based services supplied to customers via cloud platforms. It includes the following business units: MailUp, BEE, Datatrics and Acumbamail.
- The CPaaS (Communication-Platform-as-a-Service) division includes the Agile Telecom business unit, which provides messaging services on a wholesale basis using APIs.

The group has been on a significant growth path since its establishment: set up as a start-up in 2002, Growens closed FY-21 with revenues of € 71.2m, EBITDA of € 5.2m, 7.3% margin and over 260 employees. Moreover, EBIT stood at € 1.1m and Net Income totalled € 0.4m. Net Financial Position was € 6.5m cash, thanks to huge cash-flow generation. Since the IPO in 2014 the group's revenues increased by a CAGR<sub>13-21</sub> of 33.2%, thanks to organic growth boosted by a few acquisitions.

### 2021 breakdown by business division...



### ... 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 Bettoni	10.1%	1.51
Pronti Gianluca	6.1%	0.91
BMC Holding B.V. *	3.9%	0.58
Treasury shares	1.3%	0.20
<b>Free Float</b>	<b>36.5%</b>	<b>5.46</b>
<b>Total</b>	<b>100.0%</b>	<b>14.97</b>

Source: Company data

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

## Peer group absolute performance

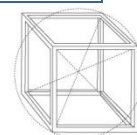
%	1D	1W	1M	3M	6M	YTD
<b>dotDigital Group PLC</b>	<b>1.1</b>	<b>(1.8)</b>	<b>(37.1)</b>	<b>(53.8)</b>	<b>(66.7)</b>	<b>(55.5)</b>
CM.com NV	5.5	1.2	7.9	(29.9)	(49.6)	(28.6)
Kaleyra Inc	3.0	5.9	(16.6)	(30.2)	(38.2)	(32.4)
Link Mobility Group Holding	(1.1)	(0.9)	13.3	(10.9)	(52.7)	(12.1)
Sinch AB (publ)	(0.3)	2.1	17.6	(28.7)	(57.2)	(30.4)
<b>Mobile Messaging median</b>	<b>1.4</b>	<b>1.7</b>	<b>10.6</b>	<b>(29.3)</b>	<b>(51.2)</b>	<b>(29.5)</b>
HubSpot Inc	2.3	1.5	(9.6)	(29.7)	(35.4)	(28.0)
Neosperience SpA	(1.7)	1.7	(9.6)	(16.4)	(26.6)	(16.7)
<b>Predictive Marketing median</b>	<b>0.3</b>	<b>1.6</b>	<b>(9.6)</b>	<b>(23.0)</b>	<b>(31.0)</b>	<b>(22.3)</b>
<b>Growens SpA</b>	<b>3.7</b>	<b>(0.4)</b>	<b>12.4</b>	<b>2.6</b>	<b>15.0</b>	<b>0.8</b>

Source: Thomson Reuters Eikon

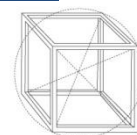
## Peer group multiples table

Price & EV multiples x	SALES FY1	SALES FY2	EBITDA FY1	EBITDA FY2	EBIT FY1	EBIT FY2	PER FY1	PER FY2
<b>dotDigital Group PLC (Email Marketing)</b>	<b>3.51</b>	<b>3.19</b>	<b>10.9</b>	<b>10.1</b>	<b>15.7</b>	<b>14.6</b>	<b>22.9</b>	<b>21.8</b>
CM.com NV	1.84	1.43	n.m.	51.6	n.m.	n.m.	n.m.	n.m.
Kaleyra Inc	0.98	0.82	11.4	9.2	n.m.	n.m.	n.m.	n.m.
Link Mobility Group Holding ASA	1.43	1.15	10.5	8.2	21.9	14.1	17.8	12.2
Sinch AB (publ)	2.71	2.23	21.1	16.8	35.7	22.9	47.7	24.2
<b>Mobile Messaging median</b>	<b>1.64</b>	<b>1.29</b>	<b>11.4</b>	<b>13.0</b>	<b>28.8</b>	<b>18.5</b>	<b>32.7</b>	<b>18.2</b>
HubSpot Inc	12.47	9.59	98.9	72.0	137.9	94.1	179.7	123.4
Neosperience SpA	2.30	1.61	8.1	5.6	34.4	13.2	67.4	21.8
<b>Predictive Marketing median</b>	<b>7.38</b>	<b>5.60</b>	<b>53.5</b>	<b>38.8</b>	<b>86.2</b>	<b>53.6</b>	<b>123.5</b>	<b>72.6</b>
<b>Growens SpA</b>	<b>0.85</b>	<b>0.72</b>	<b>10.3</b>	<b>7.7</b>	<b>26.1</b>	<b>14.3</b>	<b>47.8</b>	<b>27.6</b>

Sources: CFO SIM, Thomson Reuters Eikon



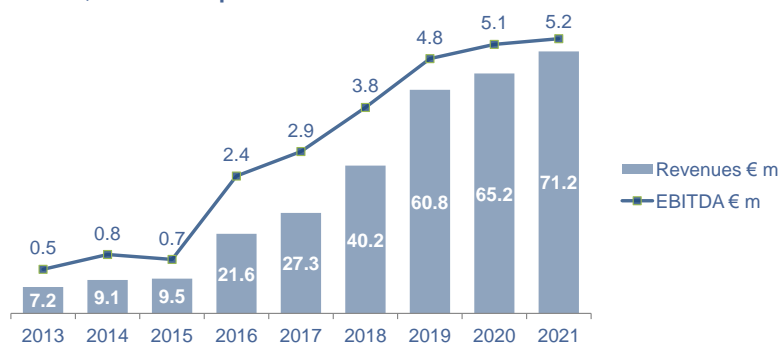
Income statement (€ m)	2020	2021	2022e	2023e	2024e
Total revenues	65.2	71.2	79.4	88.2	96.1
Purchases	(39.2)	(42.4)	(46.9)	(52.0)	(56.7)
Services	(9.0)	(9.7)	(10.2)	(11.6)	(13.1)
Personnel expenses	(11.4)	(13.4)	(15.2)	(15.6)	(16.0)
Other opex	(0.5)	(0.6)	(0.6)	(0.7)	(0.8)
EBITDA	5.1	5.2	6.5	8.2	9.6
D&A	(3.7)	(4.1)	(3.9)	(3.8)	(3.7)
EBIT	1.4	1.1	2.6	4.4	5.9
Financials	(0.2)	(0.0)	(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	1.2	1.1	2.5	4.4	5.8
Income taxes	(0.6)	(0.7)	(0.9)	(1.6)	(2.1)
Minorities	0.0	0.0	0.0	0.0	0.0
Net Profit	0.6	0.4	1.6	2.7	3.7
Net Profit adj.	0.6	0.4	1.6	2.7	3.7
Balance sheet (€ m)	2020	2021	2022e	2023e	2024e
Net Working Capital	(1.5)	(1.7)	(0.2)	(0.1)	0.0
Net Fixed Assets	27.1	26.9	26.0	25.1	24.4
Equity Investments	0.2	0.2	0.2	0.2	0.2
Other M/L Term A/L	(11.0)	(14.3)	(15.2)	(15.9)	(16.3)
Net Invested Capital	14.8	11.0	10.7	9.4	8.4
Net Financial Position	(2.5)	(6.5)	(8.4)	(12.4)	(17.2)
Minorities	0.0	0.0	0.0	0.0	0.0
Group's Shareholders Equity	17.3	17.5	19.1	21.9	25.5
Financial Liabilities & Equity	14.8	11.0	10.7	9.4	8.4
Cash Flow statement (€ m)	2020	2021	2022e	2023e	2024e
Total net income	0.6	0.4	1.6	2.7	3.7
Depreciation	3.7	4.1	3.9	3.8	3.7
Other non-cash charges	1.0	3.3	0.9	0.6	0.5
Cash Flow from Oper. (CFO)	5.3	7.7	6.4	7.2	7.8
Change in NWC	(0.2)	0.3	(1.5)	(0.2)	(0.1)
FCF from Operations (FCFO)	5.1	8.0	4.9	7.0	7.7
Net Investments (CFI)	(3.0)	(4.1)	(3.0)	(3.0)	(3.0)
Free CF to the Firm (FCFF)	2.1	3.9	1.9	4.0	4.7
CF from financials (CFF)	(1.1)	(0.4)	(0.0)	(0.0)	(0.0)
Free Cash Flow to Equity (FCFE)	0.9	3.5	1.9	4.0	4.7
Financial ratios	2020	2021	2022e	2023e	2024e
EBITDA margin	7.8%	7.3%	8.2%	9.3%	10.0%
EBIT margin	2.1%	1.6%	3.3%	5.0%	6.1%
Net profit margin	0.9%	0.5%	2.0%	3.1%	3.8%
Tax rate	53.0%	65.9%	37.0%	37.0%	37.0%
Op NWC/Sales	-2.3%	-2.4%	-0.3%	-0.1%	0.0%
Interest coverage x	0.13	0.04	0.03	0.02	0.01
Net Debt/EBITDA x	(0.49)	(1.25)	(1.29)	(1.51)	(1.79)
Debt-to-Equity x	(0.15)	(0.37)	(0.44)	(0.57)	(0.67)
ROIC	3.8%	3.3%	14.8%	29.2%	43.8%
ROCE	5.0%	4.1%	8.7%	13.7%	16.2%
ROACE	5.1%	4.1%	9.1%	14.3%	17.1%
ROE	3.3%	2.1%	8.3%	12.6%	14.3%
Payout ratio	0.0%	0.0%	0.0%	0.0%	0.0%
Per share figures	2020	2021	2022e	2023e	2024e
Number of shares # m	14.97	14.97	14.97	14.97	14.97
Number of shares Fully Diluted # m	17.37	17.37	17.37	17.37	17.37
Average Number of shares Fully Diluted # m	17.37	17.37	17.37	17.37	17.37
EPS stated FD €	0.03	0.02	0.09	0.16	0.21
EPS adjusted FD €	0.03	0.02	0.09	0.16	0.21
EBITDA €	0.29	0.30	0.37	0.47	0.55
EBIT €	0.08	0.07	0.15	0.26	0.34
BV €	0.99	1.01	1.10	1.26	1.47
FCFO €	0.29	0.46	0.28	0.40	0.44
FCFF €	0.12	0.22	0.11	0.23	0.27
FCFE €	0.05	0.20	0.11	0.23	0.27
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, Growens is now a **leading international player in the Global 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 26,000 customers in more than 115 countries** with a wide range of solutions. The group operates **two business divisions across five synergic business units**, corresponding to five different companies.

Chart 1 – Growens, 2013-21 top line and EBITDA evolution



Source: CFO SIM elaboration on company data

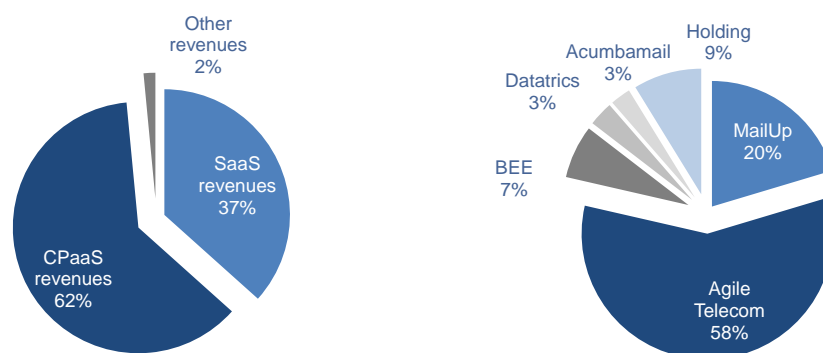
- The **SaaS (Software-as-a-Service) division** is characterised by subscription-based services supplied to customers via cloud platforms. In 2021, the SaaS division employed 195 employees, totalling € 26.1m in sales (+10.2% YoY), with a gross margin of 70% and EBITDA margin equal to 10%. It includes 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 firm, 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. MailUp closed FY-21 with revenues of € 16.6m and EBITDA equal to € 2.6m.
  - ✓ **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 firm is focused on the development and marketing of the BEE tool, an innovative drag-n-drop email and landing page editor. The BEE tool has been chosen by over 11,000 freelance developers, email designers and large corporations in over 100 countries. In 2021, the business unit totalled € 5.6m in sales (+42.6% YoY) with EBITDA equal to € 0.3m.
  - ✓ **Datatrics**, 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. In 2021, Datatrics reported revenues equal to € 2.6m (down by 10.6% YoY).
  - ✓ **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 firm focuses on the Spanish and Latin American markets, sending over 400m emails per year. Acumbamail provides its services to over 50,000 free users and more than 3,500 paying users, mainly SMEs. The business unit closed FY-21 with revenues of € 2.1m (+34.0% YoY) and EBITDA of € 0.5m.



- **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 2021, the CPaaS division employed 16 employees, totalling € 44.1m in sales (+10.1% YoY), with a gross margin of 8% and EBITDA margin equal to 5%. **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-21 with revenues of € 71.2m, EBITDA of € 5.2m and over 260 employees. Since the IPO in 2014, the group's revenues have increased by a **CAGR<sub>13-21</sub> of 33.2%**, thanks to organic growth boosted by a few acquisitions. **Foreign sales exceeded 50%** of total FY-21 revenues.

**Chart 2 – Growens, 2021 top line breakdown by business division and business unit**

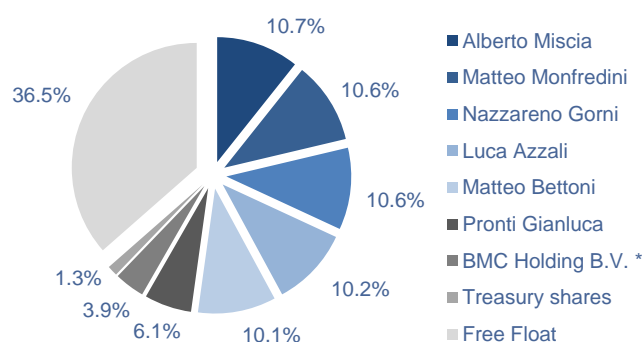


Source: CFO SIM elaboration on company data

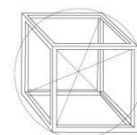
Growens went public on 29-Jul-14 on Euronext Growth Milan at € 2.50/share (adjusted IPO price of € 1.92/share as a result of the free capital increase of 11-Apr-16), corresponding to a market capitalisation of € 20.0m. The IPO encompassed a primary offering for a total amount of € 3.0m, followed by a reserved capital increase via an Accelerated Book Building for € 6.0m in 2017. The proceeds allowed Growens to start an external growth campaign, closing five acquisitions.

Currently, the **free float is 36.5%**. Luca Azzali (director of MailUp BU), Alberto Miscia (manager of MailUp BU), Nazzareno Gorni (group CEO), Matteo Monfredini (group Chairman and CFO) and Matteo Bettoni (director of Agile Telecom BU) are the founders of Growens and still among the key executives of the group. **The founders entered into a shareholders' agreement concerning a 3-year lock-up (2021-23) on 45.1% of Growens' share capital.**

**Chart 3 – Growens, shareholder structure**



Source: CFO SIM elaboration on company data, \* subject to lock-up (does not enter the free float)



## The Reference Market: Marketing Technology

**Growens operates in the marketing technology sector (MarTech).** The market is composed of an ecosystem of cloud solutions and technological applications used by companies to develop and improve their digital marketing strategies. **In 2021, the global MarTech industry is anticipated to be worth \$ 344.8bn** (source: MarTech Alliance). The marketing technology landscape is growing fast and is populated by a lot of small-medium players, often focused on a peculiar niche or segment, as well as a few large companies providing a vast range of products and services. **In 2021, the application solutions belonging to the MarTech sector is expected to exceed 9,500**, vs. 8,000 at end-19 and only 150 in 2011 (source: Statista).

**Growens** is a vertically integrated player offering its clients a wide range of solutions, with particular focus on messaging and data-driven/omni-channel marketing automation. It **is well positioned to take advantage of the main trends of the sector:** 1) **email and SMS** are still the most used and fastest-growing tools among the available solutions, mainly thanks to the high efficacy of their combined use in marketing strategies; 2) **multi-channel** is becoming increasingly important in order to provide users with the best customised experience possible; 3) the use of **Artificial Intelligence** for the collection and processing of Big Data.

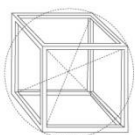
## Email Marketing

Email is still one of the most widespread communication tools used to take advantage of the full potential of digital marketing campaigns and to boost customer acquisition, despite the competition of the latest instant messaging platforms, chats and social networks. In business, email continues to be the dominant official communication channel. On the other hand, for consumers an email account is required for every online operation, from signing in to a social network, to shopping online, to gaining access to all the other forms of online communication. According to Statista, **in 2021, there are expected to be 4.1bn email users worldwide and roughly 4.6bn by 2025.**

The **global email marketing** industry was valued at **\$ 8.5bn in 2021** and it is projected to reach \$ 13.7bn in 2025 (**CAGR<sub>21-25</sub> of 13%**), with an increase in the total worldwide email traffic, including both business and consumer emails, from 320bn emails per day in 2021 to over 376bn emails per day by 2025 (source: Statista).

## Mobile Marketing and Messaging

The SMS communication campaigns are one of the favourite methods among companies for customer engagement and acquisition, despite the massive proliferation of new innovative communication technologies developed for smartphones. Furthermore, text messages are also used for transactional purposes: for example, an SMS is sent after the completion of an online purchase or for 2-Factor authentication. **Today, 5.0bn people (65% of the global population) send and receive SMS messages, expected to grow to 5.9bn by 2025.** Moreover 98% of SMS messages sent are opened by the recipient, compared to 29% of Twitter messages, 20% of emails and 12% of Facebook messages. The SMS market also records the highest response rates among the recipients of marketing campaigns: 8% of people who received a marketing text message go to the point of sale to make a purchase.



## Marketing Automation

Marketing automation comprises **software platforms and technologies** designed for marketing departments to allow for the **workflow management** of **sophisticated marketing campaigns**. Through marketing automation platforms, it is possible to replace high-touch and repetitive manual processes with automated solutions, in order to streamline sales and marketing procedures and improve efficiency. Furthermore, a marketing automation platform allows marketers to automate and simplify client communication by managing complex omni-channel marketing strategies through a single tool.

**The marketing automation software market** is expected to reach \$ 11.5bn by 2027, **CAGR<sub>21-27</sub> of 17.7%** (source: Mordor Intelligence). Within the marketing automation software market, the **Customer Data Platforms industry segment** is estimated at \$ 1.2bn in 2021 and is expected to grow with a **CAGR<sub>21-28</sub> of 25.0%**, reaching \$ 5.5bn in 2028 (source: Fortune Business Insight).






































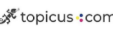































**Growens is well positioned to benefit from the CDP segment's growing trend thanks to the acquisition of Datatrics.** The technology developed by Datatrics, based on artificial intelligence, integrated with MailUp platforms, creates a **hub able to orchestrate data for targeted omni-channel marketing campaigns**.

## The Competitive Arena

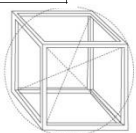
The MarTech segment is vast, complex and extremely interconnected. In this competitive arena a lot of start-ups and micro/small companies coexist with a few giants such as Adobe, IBM, Oracle, Salesforce and SAP. Smaller companies are generally managed by the founders and operate within a specific market niche, while the biggest players cover multiple and diversified segments at the same time. **The market is relatively young and is promisingly growing**, so it has not reached a stable structure yet. Furthermore, **the competitive arena is undoubtedly highly fragmented**. In 2021, the MarTech sector experienced an unprecedented spike in M&A activity with 166 deals, nearly doubling the figure recorded in 2020. Among the main operations that have been announced or finalised recently, we may note:

- Salesforce – Slack: \$ 27.7bn, c. 26x EV/Sales
- Intuit – Mailchimp: \$ 12.0bn, c. 20x EV/Sales
- Twilio – Segment: \$ 3.2bn, valuation multiple not available
- Citrix – Wrike: \$ 2.25bn, c. 12x EV/Sales
- Twilio – Zipwhip: \$ 850m, valuation multiple not available
- Cisco – IMLmobile: \$ 730m, c. 3x EV/Sales and 22x EV/EBITDA

**Chart 4 – Growens, competitive arena**

	MailUp / Acumbamail	Agile Telecom	Datatrics	BEE	Growens Group
Italy	 	  	 	<b>BEE Pro (for email designers)</b>  	
Europe	     	     	       	      	  <b>ADDNODE GROUP*</b>   
Others	<b>Latin America</b>   <b>Rest of the World</b>      	     	        	<b>BEE Plugin (for developers)</b>    	

Source: company presentation \* listed company



## Strategy

After the first-rate growth following its establishment, Growens is now aiming at continuing its expansion and consolidating its competitive positioning in the reference market. The group development strategy is based on **organic growth, continuous investments in R&D, making the most of the synergies** stemming from M&A and **new acquisitions**. Growens is a vertically-integrated player, providing its clients with a unique selling proposition, namely multi-channel and data-driven solutions for marketing automation. Furthermore, the group plans to 1) add **chats among message delivery channels**, 2) develop or acquire a platform able to manage **analytics** and 3) provide its customers with **new content creation tools**.

Chart 5 – Growens, industry structure and group positioning

### Message delivery for Developers / IT



### Platforms for Marketers



### Content Creation for Designers / Developers



- Capturing value across the chain
- Increasing knowledge and exploit innovation

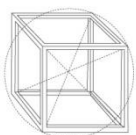
- Current products
- New products via R&D or M&A

Source: company presentation

In line with the aforementioned growth path, Growens's main strategy is focused on:

- **Organic growth:** Growens aims at expanding the range of SaaS solutions provided to its clients, strengthening the existing tools and introducing new innovative features. This should allow the group to **increase the ARPA** (Average Revenue Per Account) and to **strengthen the uniqueness of the offer** compared to its competitors.
- **Pursuing further external growth opportunities:** the reference market is highly fragmented with a plethora of micro and small-sized players and only a few giant actors. Today, Growens is an international scale-up and a leading player in the Cloud Marketing Technologies market. In order to further expand its business, Growens is looking for M&A opportunities among **complementary, profitable, cash flow generative and steadily growing companies**. Furthermore, potential targets could arise from companies operating in one or more **geographical areas** not yet covered by the group. Growens has the power to take advantage of extensive external growth opportunities, on the back of: 1) net cash position and 2) the huge CF generation. Considering a sustainable 2.5x NFP/EBITDA ratio, based on CFO SIM 2022 EBITDA estimate, **we think the group might be able to invest up to € 25m in acquisitions**.

In particular, management has recently confirmed that it is assessing a couple of M&A opportunities with the aim of integrating one or more SaaS companies. Growens is looking for EU companies operating in the MarTech segment and owning software solutions complementary to MailUp, in order to enlarge the group's product portfolio as well as its market share. Ideal targets should have a turnover of between € 5m and € 15m and good cash flow generation.





## 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
- ❑ Datatrics extends traditional marketing automation with **Artificial Intelligence**
- ❑ **R&D investment** historically exceeds 10% of revenues every year
- ❑ **Low client concentration:** over 26,000 clients in more than 115 countries

#### WEAKNESSES

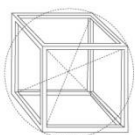
- ❑ Turnover highly dependent on **SMS (non-recurring)** revenues
- ❑ **Higher price pressure and lower margins in SMS business** compared to email
- ❑ Few key relevant people represent a **vital asset** for the company
- ❑ **Sizable goodwill**

#### OPPORTUNITIES

- ❑ **Consolidation opportunities** in a highly fragmented reference market
- ❑ **Wider use of data and AI** in marketing analysis: the group is well positioned thanks to Datatrics
- ❑ **MarTech sector is expected to keep growing significantly** in the coming years

#### THREATS

- ❑ Fast technological development may increase the **competitive pressure**
- ❑ **Other network-based systems** (i.e. WhatsApp, WeChat, push notifications) **might make SMS system obsolescent**
- ❑ **Profitability dilution** stemming from the acquisition campaign



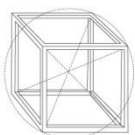
## ESG Profile

Growens pays close attention to **Environmental Social and Governance topics** and has voluntarily drawn up 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 and helped the local community during the pandemic thanks to its technology (**S**), and boasts a legality rating with the maximum score, along with a solid governance framework (**G**). Growens' unwavering focus has been rewarded recently with its inclusion among the '2021 Sustainability Leaders'.

Chart 6 – 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>❑ Photovoltaic system and two smart flowers capable of producing up to 12,000 kWh/year installed in Cremona</li> <li>❑ <u>Treedom Project</u>: Growens offsets part of the CO<sub>2</sub> emissions produced through the planting of new forests in collaboration with the e-commerce platform Treedom. Since the introduction of the initiative, Growens has contributed to planting over 1,800 trees and offsetting more than 500 tons of CO<sub>2</sub></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>Whistleblowing Procedure</u></li> </ul>
<p><b>G</b> Governance</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</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-21 Results

Growens reported 2021 results broadly in line with CFO SIM's estimates in terms of top line and EBITDA. Bottom line came in lower than expected because of higher than anticipated D&A stemming from a significant amount of capex, about 40% higher than our assumption. Net Financial Position strongly exceeded expectations on the back of massive cash flow generation.

**Table 1 – Growens, FY-21 results**

€ m	2021	2020	% YoY	2021e	% Diff.
SaaS Revenues	26.1	23.7	10.2	-	-
CPaaS Revenues	44.1	40.0	10.1	-	-
Other revenues	1.1	1.5	(29.7)	-	-
<b>Total revenues</b>	<b>71.2</b>	<b>65.2</b>	<b>9.2</b>	<b>70.0</b>	<b>1.7</b>
Total costs	(66.0)	(60.1)		(64.6)	
<b>EBITDA</b>	<b>5.2</b>	<b>5.1</b>	<b>2.2</b>	<b>5.4</b>	<b>(3.6)</b>
% margin	7.3	7.8		7.7	
D&A	(4.1)	(3.7)		(3.6)	
<b>EBIT</b>	<b>1.1</b>	<b>1.4</b>	<b>(18.0)</b>	<b>1.8</b>	<b>(36.2)</b>
% margin	1.6	2.1		2.5	
Financials	(0.0)	(0.2)		(0.1)	
<b>Pre-Tax profit</b>	<b>1.1</b>	<b>1.2</b>	<b>(9.9)</b>	<b>1.7</b>	<b>(36.3)</b>
% margin	1.5	1.8		2.4	
Income taxes	(0.7)	(0.6)		(0.6)	
Tax rate	65.9%	53.0%		37.0%	
Minorities	-	-		-	
<b>Group Net Profit</b>	<b>0.4</b>	<b>0.6</b>	<b>(34.8)</b>	<b>1.1</b>	<b>(65.6)</b>
% margin	0.5	0.9		1.5	
<b>NFP (cash)/debt</b>	<b>(6.5)</b>	<b>(2.5)</b>	<b>n.m.</b>	<b>(3.6)</b>	<b>79.3</b>

Sources: Company data, CFO SIM estimates

**In 2021, total revenues were € 71.2m, up by 9.2% YoY**, driven by increasing sales recorded by both the SaaS and the CPaaS divisions. The **SaaS division** (including the MailUp, BEE, Acumbamail and Datatrics business units) totalled **€ 26.1m, up by 10.2% YoY**. The **CPaaS division** (comprising the Agile Telecom business unit) reached **€ 44.1m, up by 10.1% YoY**.

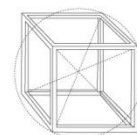
Other revenues decreased because of the reduction of non-refundable government grants and windfall profits compared to 2020. Foreign revenues represented 54% of total sales, up by 11.5% YoY. **Recurring revenues accounted for 30% of total**, up by 14% YoY.

**EBITDA totalled € 5.2m, 7.3% margin**, broadly in line YoY. Gross margin rose by 70 bps to 33.4% (vs 32.7% in 2020), thanks to the ongoing effect of streamlining measures and cost savings. In 2021, margins suffered from the slowdown in the acquisition process of new mid-large clients as well as from the deferral of marketing investments in the Travel, Retail and Hospitality industries due to the Covid-19 pandemic. Nevertheless, **the group has not suspended or deferred any strategic investments** in research and development (R&D costs grew by 23% YoY) and sales and marketing (S&M costs grew by 14% YoY). It has to be noted that these expenses are gradually normalising, with increases more and more in line with sales growth. On the other hand, both gross profit and EBITDA were positively affected by double-digit growth with regard to Agile Telecom's and Acumbamail's EBITDA as well as by the reduction of Datatrics's operating loss by over 40%.

**EBIT was € 1.1m, 1.6% margin, down 18.0% YoY** after D&A of € 4.1m (vs € 3.7m in 2020) mainly related to R&D amortisation costs (€ 2.4m) and IFRS 16 depreciation (€ 1.2m). The remaining D&A are related to general depreciation costs for € 0.3m and a partial write-off of the goodwill related to Globase for € 150k.

**Net Profit came in at € 0.4m, 0.5% margin, declining 34.8% YoY** on the back of the aforementioned reasons.

With regard to EBIT and Net Profit, **the main difference compared to CFO SIM's estimates is related to higher than expected D&A stemming from higher than expected capex** (€ 4.1m compared to our assumption of € 3.0m).



**Net Financial Position improved to € 6.5m net cash**, vs € 2.5m net cash at end-20, thanks to a massive cash flow generation, **more than double that expected**. Cash and cash equivalents amounted to € 13.3m, due to 1) the positive dynamics of certain tax credits, 2) the huge operating cash flow generated by Agile Telecom and Acumbamail and 3) the cash in stemming from some grants.

**Table 2 – Growens, FY-21 revenues breakdown by business unit**

€ m	2021	2020	% YoY	2021e	% Diff.
MailUp	16.6	15.7	5.9	16.1	3.0
Agile Telecom	47.5	43.0	10.4	46.4	2.2
BEE	5.6	3.9	42.6	5.2	7.9
Datatrix	2.6	2.9	(10.6)	2.9	(11.2)
Acumbamail	2.1	1.6	34.0	2.1	3.7
Holding	7.2	6.4	12.2	6.6	7.8
Consol. Adj.	(10.3)	(8.2)	(25.3)	(9.3)	(10.5)
<b>Total revenues</b>	<b>71.2</b>	<b>65.2</b>	<b>9.2</b>	<b>70.0</b>	<b>1.7</b>

Sources: Company data, CFO SIM estimates

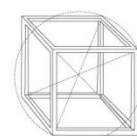
Looking at FY-21 revenues in terms of business units:

- **MailUp grew by 5.9% YoY, totalling € 16.6m.** The business unit was deeply affected by the pandemic-related crisis, mainly as a consequence of its big exposure to the Italian market. In 2020, MailUp lost a few recurring contracts with some clients due to the pandemic, but the group plans to recover via a product-led strategy and the development of the indirect channel abroad.
- **Agile Telecom totalled € 47.5m, up by 10.4% YoY**, driven by the continuing recovery of the SMS traffic started in Q2 and strongly continued in H2 thanks to the reopening of economic activity after lockdowns, mainly in Italy.
- **BEE rose by 42.6% YoY** (47.9% at a constant EUR/USD exchange rate) **to € 5.6m**, confirming its position as the fastest growing business unit. Annual Recurring Revenues – ARR (showing the average annual recurring value of existing contracts) exceeded \$ 8.4m as of Dec-21.
- **Acumbamail generated € 2.1m in revenues, up by 34.0% YoY**, continuing on its excellent growth path.
- **Datatrix's sales decreased by 10.6% YoY** even if the reorganisation initiatives launched in 2020 produced an increase in lead generation and the client pipeline. In addition, the group expects positive results stemming from the launch of freemium version of the platform in Jan-22 as well as from the release of important features by Q2-22.

**Table 3 – Growens, FY-21 EBITDA breakdown by business unit**

€ m	2021	2020	% YoY	2021e	% Diff.
EBITDA MailUp	2.6	4.3	(38.2)	3.6	(27.1)
EBITDA Agile Telecom	2.3	1.5	57.2	1.9	23.0
EBITDA BEE	0.3	0.5	(34.1)	0.4	(18.2)
EBITDA Datatrix	(0.9)	(1.4)	40.6	(0.9)	1.8
EBITDA Acumbamail	0.5	0.3	52.6	0.5	6.6
EBITDA Holding	0.1	(0.4)	113.3	(0.5)	110.3
IFRS16 Impact	0.2	0.4	(32.6)	0.4	(40.0)
<b>Total EBITDA</b>	<b>5.2</b>	<b>5.1</b>	<b>2.2</b>	<b>5.4</b>	<b>(3.6)</b>
EBITDA % MailUp	15.9	27.3		22.5	
EBITDA % Agile Telecom	4.8	3.4		4.0	
EBITDA % BEE	5.7	12.3		7.5	
EBITDA % Datatrix	(33.2)	(49.9)		(30.0)	
EBITDA % Acumbamail	24.2	21.2		23.5	
EBITDA % Holding	0.7	(6.0)		(7.5)	
<b>Total EBITDA %</b>	<b>7.3</b>	<b>7.8</b>		<b>7.7</b>	

Sources: Company data, CFO SIM estimates



As of the H1-21 results release, Growens has reclassified its consolidated revenues into two divisions, namely SaaS and CPaaS, instead of the former breakdown by service (Email, SMS and Predictive Marketing). The choice was made in order to 1) better represent two areas of business with consistent dynamics, business models, go-to-market, KPIs and financials, 2) disclose corporate information consistently with the group's operational and management processes as well as strategic decisions 3) simplify reporting with a view to facilitating comprehension and comparability within international standards.

- The **SaaS (Software-as-a-Service) division** includes the MailUp, BEE, Acumbamail and Datatrics business units, characterised by subscription-based services supplied to customers via cloud platforms.
- The **CPaaS (Communication-Platform-as-a-Service) division** includes the Agile Telecom business unit, which provides messaging services on a wholesale basis using APIs.

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

KPIs - SaaS	MailUp	Datatrics	Acumbamail	BEE	Date
ARR	€ 11.5m	€ 2.5m	€ 1.9m	\$ 8.4m	Dec-21
ARR growth	4.6%	-10.2%	23.9%	53.7%	Dec-21
Gross margin	67%	55%	86%	73%	FY-21
EBITDA margin	17%	-30%	25%	6%	FY-21
Net Revenue Retention	92.8%	75.0%	100.4%	113.0%	Dec-21

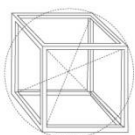
Sources: Company data

In 2021, Agile Telecom business unit, corresponding to the CPaaS division, reached its historical high in terms of turnover, totalling € 47.5m. Furthermore, in 2021, messages sent monthly exceeded 200 million for the first time, with a record single-day amount of 15 million the day before Black Friday.

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

KPIs - CPaaS	Value	Date
Revenues	€ 47.5m	FY-21
EBITDA	€ 2.3m	FY-21
# Sent Messages	2,009 million	FY-21

Sources: Company data



## Estimates, Valuation & Risks

Growens reported FY-21 results characterised by growing revenues in both SaaS and CPaaS divisions. EBITDA grew less than proportionally to top line mainly because of the slowdown in the acquisition process of new mid-large clients due to the Covid-19 pandemic. Overall, FY-21 figures are broadly in line with CFO SIM's estimates with regard to revenues and EBITDA, while bottom line came in lower than expected mainly as a result of higher than anticipated D&A. Net Financial Position largely exceeded expectations thanks to operating cash flow of more than double our projection.

On the back of FY-21 results, **we have updated our model**, factoring in: 1) almost unchanged top line growth for 2022-23, 2) a fine tuning of some business units' expected EBITDA margin, namely consisting of increasing that of Agile Telecom and lowering that of MailUp, coherently with 2021 results and 3) an increase in D&A as a consequence of higher than expected D&A in 2021. The combined result is an average **1.3% increase in Revenues** as well as an average **6.7% and 21.2% reduction in EBITDA and Net Profit in 2022-23. NFP improved by 19.4% on average in the same time period** as a result of better than expected figures reported in 2021. We have also introduced projections for 2024.

**Table 4 – Growens, 2022e new/old estimates**

€ m	New	Old	% Diff.	€ m Diff.
<b>Total Revenues</b>	<b>79.4</b>	<b>78.1</b>	1.7	<b>1.3</b>
<b>EBITDA</b>	<b>6.5</b>	<b>7.0</b>	(7.2)	<b>(0.5)</b>
% margin	8.2	9.0		
<b>EBIT</b>	<b>2.6</b>	<b>3.5</b>	(25.5)	<b>(0.9)</b>
% margin	3.3	4.4		
<b>Net Profit</b>	<b>1.6</b>	<b>2.1</b>	(25.9)	<b>(0.6)</b>
% margin	2.0	2.7		
<b>Y/E net debt (net cash)</b>	<b>(8.4)</b>	<b>(6.8)</b>	23.9	<b>(1.6)</b>

Source: CFO Sim

**Table 5 – Growens, 2023e new/old estimates**

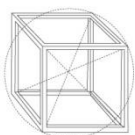
€ m	New	Old	% Diff.	€ m Diff.
<b>Total Revenues</b>	<b>88.2</b>	<b>87.4</b>	0.9	<b>0.8</b>
<b>EBITDA</b>	<b>8.2</b>	<b>8.8</b>	(6.2)	<b>(0.5)</b>
% margin	9.3	10.0		
<b>EBIT</b>	<b>4.4</b>	<b>5.3</b>	(16.4)	<b>(0.9)</b>
% margin	5.0	6.1		
<b>Net Profit</b>	<b>2.7</b>	<b>3.3</b>	(16.5)	<b>(0.5)</b>
% margin	3.1	3.8		
<b>Y/E net debt (net cash)</b>	<b>(12.4)</b>	<b>(10.8)</b>	14.8	<b>(1.6)</b>

Source: CFO Sim

Moreover, CFO has **updated the DCF valuation criteria**, bringing the Free Risk Rate up-to-date and postponed its first valuation projection to 2022. The combined result is a **new PT of € 6.20/s** (€ 5.90), with an upside of 22.5% to current price levels.

We also updated our sum-of-the-parts valuation, resulting in Growens's equity value of € 5.90/s (€ 13.50/s), mainly on the back of the massive stock prices decline YTD with regard to the tech sector worldwide.

**We reiterate our positive stance on the stock:** Growens is a high-quality company, with a solid, proven strategy, and it is led by top-notch management. The investment case includes: 1) a **widespread client portfolio**, 2) a **large amount of recurring revenues** (generally 1/3 of FY turnover) stemming from its **SaaS business model**, 3) a **strong capital structure** with solid equity coupled with excellent financial discipline and 4) **huge M&A firepower**. As regards the latter, management has confirmed that it is currently evaluating few M&A opportunities besides the one the group has been working on for a few months. The goal is to integrate one or more SaaS companies.



## DCF

In the DCF-based valuation, we assess explicit estimates until 2026 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 6 - 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.)	1.05%
Beta levered (x)	0.55
<b>Required ROE</b>	<b>6.0%</b>

Source: CFO SIM, Thomson Reuters 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 0.55** corresponds to Growens's 5Y levered beta. The **risk-free rate at 1.05%** (previously 0.71%) 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 7 - Growens, DCF model**

€ m	2022e	2023e	2024e	2025e	2026e	Term. Val.
EBIT	2.6	4.4	5.9	7.1	8.1	
Tax rate	37.0%	37.0%	37.0%	37.0%	37.0%	
<b>Operating profit (NOPAT)</b>	<b>1.6</b>	<b>2.8</b>	<b>3.7</b>	<b>4.4</b>	<b>5.1</b>	
Change working capital	(1.5)	(0.2)	(0.1)	(0.1)	(0.1)	
Depreciation	3.9	3.8	3.7	3.4	3.0	
Investments	(3.0)	(3.0)	(3.0)	(3.0)	(3.0)	
<b>Free Cash Flows</b>	<b>1.1</b>	<b>3.4</b>	<b>4.3</b>	<b>4.7</b>	<b>5.1</b>	<b>114.2</b>
Present value	1.0	3.1	3.7	3.8	3.8	86.5
WACC	6.0%	6.0%	6.0%	6.0%	6.0%	
<b>Long-term growth rate</b>	<b>1.5%</b>					

Source: CFO SIM

**Table 8 – Growens, DCF derived from:**

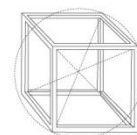
€ m	
Total EV present value € m	101.9
	<i>thereof terminal value</i>
NFP last reported - FY-21	85%
Pension last reported - FY-21	6.5
	(2.3)
<b>Equity value € m</b>	<b>106.1</b>
# m shares FD (excl. treasury shares)	17.2
<b>Equity value €/s FD</b>	<b>6.20</b>
% upside/(downside)	22.5%

Source: CFO SIM

**By applying our DCF model we attained an equity value of € 106.1m, € 6.20/s (5.90), 22.5% upside, with regard to Growens.**

It's worth noting that the fully diluted number of shares derives from: 1) the € 3.0m amount (€ 2.368/share) related to the reserved capital increase stemming from the maximum variable earn-out fee to be paid to BMC Holdings if certain Datatrics turnover goals are reached in the four years following the acquisition; 2) the stock option plan.

The following tables illustrate that sensitivity 1) compared to changes in the terminal growth rate produces an equity value between **€ 5.43-7.23/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 **€ 5.30-7.42/s (free-risk range between 1.80% and 0.30%)** and 3) if compared to changes in the risk premium, including small size premium, it results in an equity value of **€ 5.22-7.57/s (risk premium range between 10.50% and 7.50%)**.



**Table 9 – 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	15.4	15.4	15.4	15.4	15.4	15.4	15.4
PV of terminal value	73.6	77.4	81.7	86.5	91.8	97.8	104.6
<b>Total value</b>	<b>89.0</b>	<b>92.8</b>	<b>97.1</b>	<b>101.9</b>	<b>107.2</b>	<b>113.2</b>	<b>119.9</b>
NFP last reported - FY-21	6.5	6.5	6.5	6.5	6.5	6.5	6.5
Pension last reported - FY-21	(2.3)	(2.3)	(2.3)	(2.3)	(2.3)	(2.3)	(2.3)
<b>Equity value € m</b>	<b>93.2</b>	<b>97.1</b>	<b>101.4</b>	<b>106.1</b>	<b>111.4</b>	<b>117.4</b>	<b>124.2</b>
# m shares FD (excl. treasury shares)	17.2	17.2	17.2	17.2	17.2	17.2	17.2
<b>Equity value €/s FD</b>	<b>5.43</b>	<b>5.65</b>	<b>5.90</b>	<b>6.20</b>	<b>6.49</b>	<b>6.84</b>	<b>7.23</b>

Source: CFO SIM

**Table 10 – Growens, equity value sensitivity to changes in free risk rate**

€ m	0.30%	0.55%	0.80%	1.05%	1.30%	1.55%	1.80%
Present value of CF	15.7	15.6	15.5	15.4	15.3	15.2	15.0
PV of terminal value	107.4	99.5	92.6	86.5	81.0	76.1	71.7
<b>Total value</b>	<b>123.1</b>	<b>115.1</b>	<b>108.1</b>	<b>101.9</b>	<b>96.3</b>	<b>91.3</b>	<b>86.7</b>
NFP last reported - FY-21	6.5	6.5	6.5	6.5	6.5	6.5	6.5
Pension last reported - FY-21	(2.3)	(2.3)	(2.3)	(2.3)	(2.3)	(2.3)	(2.3)
<b>Equity value € m</b>	<b>127.4</b>	<b>119.4</b>	<b>112.4</b>	<b>106.1</b>	<b>100.5</b>	<b>95.5</b>	<b>91.0</b>
# m shares FD (excl. treasury shares)	17.2	17.2	17.2	17.2	17.2	17.2	17.2
<b>Equity value €/s FD</b>	<b>7.42</b>	<b>6.95</b>	<b>6.54</b>	<b>6.20</b>	<b>5.85</b>	<b>5.56</b>	<b>5.30</b>

Source: CFO SIM

**Table 11 – Growens, equity value sensitivity to changes in risk premium**

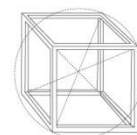
€ m	7.50%	8.00%	8.50%	9.00%	9.50%	10.00%	10.50%
Present value of CF	15.8	15.6	15.5	15.4	15.3	15.1	15.0
PV of terminal value	109.9	101.0	93.3	86.5	80.5	75.2	70.4
<b>Total value</b>	<b>125.7</b>	<b>116.7</b>	<b>108.8</b>	<b>101.9</b>	<b>95.8</b>	<b>90.3</b>	<b>85.4</b>
NFP last reported - FY-21	6.5	6.5	6.5	6.5	6.5	6.5	6.5
Pension last reported - FY-21	(2.3)	(2.3)	(2.3)	(2.3)	(2.3)	(2.3)	(2.3)
<b>Equity value € m</b>	<b>130.0</b>	<b>120.9</b>	<b>113.0</b>	<b>106.1</b>	<b>100.0</b>	<b>94.6</b>	<b>89.7</b>
# m shares FD (excl. treasury shares)	17.2	17.2	17.2	17.2	17.2	17.2	17.2
<b>Equity value €/s FD</b>	<b>7.57</b>	<b>7.04</b>	<b>6.58</b>	<b>6.20</b>	<b>5.82</b>	<b>5.51</b>	<b>5.22</b>

Source: CFO SIM

## 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.** Through its **five synergic business units**, the group is able to manage an entire marketing campaign, from data collection to omni-channel activation. In order to better appraise Growens's different business units, we conducted an analysis on three clusters: 1) companies operating in the email marketing arena, 2) players working in the mobile messaging sector and 3) companies operating in the predictive marketing niche.





In order to evaluate the MailUp, Acumbamail and BEE business units, which provide email marketing products and services, we considered **dotDigital Group PLC (United Kingdom)** as the closest comparable: the 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.

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.

With respect to the last update, we added CM.com NV and Link Mobility Group Holding ASA to the mobile messaging panel, while we removed Vonage Holdings Corp. as it was acquired by Ericsson.

Amongst the companies operating in predictive marketing relevant to assess the Datatrics business unit, we picked the following:

**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.

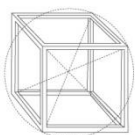
**Neosperience SpA (Italy):** Neosperience, listed on Euronext Growth Milan, provides digital marketing and e-commerce technologies. The company develops AI proprietary models that extract personality traits, lifestyles, attitudes, and behaviours from the interaction with its customers' websites, applications,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

As compared to the last update, we excluded SharpSpring from the predictive marketing peer group since it was acquired by Constant Contact.

**Table 12 – Growens, peer group summary table**

€ m	Country	Mkt Cap	Sales FY1	EBITDA FY1	EBITDA %	Sales CAGR <sub>21-24</sub>	EBITDA CAGR <sub>21-24</sub>	EBIT CAGR <sub>21-24</sub>	EPS CAGR <sub>22-24</sub>	NFP /EBITDA
<b>dotDigital Group PLC (Email Marketing)</b>	UK	315	75	24	32.4%	9.4%	6.3%	7.5%	5.7%	(2.1)
CM.com NV	Netherlands	573	316	1	0.4%	27.6%	n.m.	n.m.	7.5%	7.0
Kaleyra Inc	USA	262	354	30	8.6%	30.9%	n.m.	n.m.	n.a.	2.8
Link Mobility Group Holding ASA	Norway	522	530	72	13.6%	16.4%	31.3%	87.2%	29.9%	3.3
Sinch AB (publ)	Sweden	6,144	2,558	329	12.9%	29.5%	85.1%	188.9%	61.3%	2.4
<b>Mobile Messaging median</b>		<b>547</b>	<b>442</b>	<b>51</b>	<b>10.7%</b>	<b>28.6%</b>	<b>58.2%</b>	<b>138.1%</b>	<b>29.9%</b>	<b>3.1</b>
HubSpot Inc	USA	20,528	1,581	199	12.6%	29.2%	n.m.	n.m.	48.8%	(4.1)
Neosperience SpA	Italy	42	19	6	28.5%	27.3%	28.3%	92.5%	143.0%	0.4
<b>Predictive Marketing median</b>		<b>10,285</b>	<b>800</b>	<b>102</b>	<b>20.6%</b>	<b>28.2%</b>	<b>28.3%</b>	<b>92.5%</b>	<b>95.9%</b>	<b>(1.8)</b>
<b>Growens SpA</b>	<b>Italy</b>	<b>76</b>	<b>79</b>	<b>7</b>	<b>8.2%</b>	<b>10.5%</b>	<b>22.6%</b>	<b>73.1%</b>	<b>51.9%</b>	<b>(1.3)</b>

Source: CFO SIM, Thomson Reuters Eikon



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

x	Sales FY1	Sales FY2	Sales FY3	EBITDA FY1	EBITDA FY2	EBITDA FY3
<b>dotDigital Group PLC (Email Marketing)</b>	<b>3.51</b>	<b>3.19</b>	<b>2.79</b>	<b>10.9</b>	<b>10.1</b>	<b>9.0</b>
CM.com NV	1.84	1.43	n.a.	n.m.	51.6	n.a.
Kaleyra Inc	0.98	0.82	0.60	11.4	9.2	5.6
Link Mobility Group Holding ASA	1.43	1.15	0.98	10.5	8.2	7.4
Sinch AB (publ)	2.71	2.23	1.83	21.1	16.8	12.3
<b>Mobile Messaging median</b>	<b>1.64</b>	<b>1.29</b>	<b>0.98</b>	<b>11.4</b>	<b>13.0</b>	<b>7.4</b>
HubSpot Inc	12.47	9.59	7.61	98.9	72.0	48.9
Neosperience SpA	2.30	1.61	1.13	8.1	5.6	3.8
<b>Predictive Marketing median</b>	<b>7.38</b>	<b>5.60</b>	<b>4.37</b>	<b>53.5</b>	<b>38.8</b>	<b>26.3</b>
<b>Growens SpA</b>	<b>0.85</b>	<b>0.72</b>	<b>0.61</b>	<b>10.3</b>	<b>7.7</b>	<b>6.1</b>
% Prem./disc.) to dotDigital PLC	(75.9)	(77.5)	(78.1)	(4.7)	(23.7)	(32.2)
% Prem./disc.) to Mobile Messaging	(48.2)	(44.4)	(37.8)	(9.1)	(40.8)	(17.4)
% Prem./disc.) to Predictive Marketing	(88.5)	(87.2)	(86.0)	(80.7)	(80.2)	(76.7)

Source: CFO SIM, Thomson Reuters Eikon

**Table 14 – Growens, peer group EV & price multiple table**

x	EBIT FY1	EBIT FY2	EBIT FY3	PER FY1	PER FY2	PER FY3
<b>dotDigital Group PLC (Email Marketing)</b>	<b>15.7</b>	<b>14.6</b>	<b>12.7</b>	<b>22.9</b>	<b>21.8</b>	<b>20.4</b>
CM.com NV	n.m.	n.m.	n.a.	n.m.	n.m.	n.m.
Kaleyra Inc	n.m.	n.m.	n.m.	n.m.	n.m.	n.a.
Link Mobility Group Holding ASA	21.9	14.1	15.0	17.8	12.2	10.5
Sinch AB (publ)	35.7	22.9	16.1	47.7	24.2	18.3
<b>Mobile Messaging median</b>	<b>28.8</b>	<b>18.5</b>	<b>15.5</b>	<b>32.7</b>	<b>18.2</b>	<b>14.4</b>
HubSpot Inc	137.9	94.1	57.2	179.7	123.4	81.1
Neosperience SpA	34.4	13.2	6.6	67.4	21.8	11.4
<b>Predictive Marketing median</b>	<b>86.2</b>	<b>53.6</b>	<b>31.9</b>	<b>123.5</b>	<b>72.6</b>	<b>46.3</b>
<b>Growens SpA</b>	<b>26.1</b>	<b>14.3</b>	<b>10.0</b>	<b>47.8</b>	<b>27.6</b>	<b>20.7</b>
% Prem./disc.) to dotDigital PLC	66.2	(2.1)	(21.2)	109.3	26.6	1.3
% Prem./disc.) to Mobile Messaging	(9.4)	(22.8)	(35.7)	46.1	51.2	43.5
% Prem./disc.) to Predictive Marketing	(69.7)	(73.3)	(68.7)	(61.3)	(62.0)	(55.2)

Source: CFO SIM, Thomson Reuters Eikon

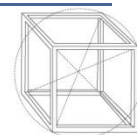
In our SOTP valuation, we used 1) the EV/EBITDA multiple of dotDigital Group to evaluate the MailUp and Acumbamail business units, 2) the EV/Sales multiple of dotDigital Group to evaluate BEE business unit, 3) the median EV/EBITDA multiple of the Mobile Messaging panel to appraise the Agile Telecom business unit and 3) the median EV/Sales multiple of the Predictive Marketing cluster to assess the Datatrics business unit. We applied a **20% discount to peer multiples**, mainly due to Growens's smaller size and low level of the stock liquidity on the back of its listing on the Euronext Growth Milan market.

**We decided to assess the equity value using 2022e figures** (previously 2021). As a result, we attained a new equity value of € 5.90/s (€ 13.50), mainly on the back of the massive stock prices decline YTD with regard to the tech sector worldwide.

**Table 15 – Growens, Sum of the Parts equity value assessment**

	€ m	% on EV	Methodology
MailUp BU	25.6	26.4	8.7x peer multiple on € 2.9m BU EBITDA 2022e
Acumbamail BU	5.1	5.3	8.7x peer multiple on € 0.6m BU EBITDA 2022e
BEE BU	22.8	23.5	2.8x peer multiple on € 0.8m BU Sales 2022e
Agile Telecom BU	23.8	24.5	9.1x peer multiple on € 2.6m BU EBITDA 2022e
Datatrics BU	19.9	20.4	5.91x peer multiple on € 3.4m BU Sales 2022e
<b>Total EV</b>	<b>97.1</b>	<b>100.0</b>	
Holding costs	(1.1)		Perpetuity of holding costs @ 6%
NFP	8.4		FY-22e Net Financial Position
Pension Provision	(2.3)		Pension last reported - FY-21
<b>Equity Value</b>	<b>102.1</b>		
<b>Per share FD</b>	<b>5.90</b>		
% upside/(downside)	16.6%		

Source: CFO SIM, Thomson Reuters 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**, +165.3% since the IPO. The stock reached a 1Y intraday maximum price of € 5.48/s on 17-Nov-21 and a minimum price of € 3.81/s on 3-May-21.

**Table 16 – Growens, peer group and index absolute performance**

	1D	1W	1M	3M	6M	YTD	1Y
<b>dotDigital Group PLC (Email Marketing)</b>	<b>1.1</b>	<b>(1.8)</b>	<b>(37.1)</b>	<b>(53.8)</b>	<b>(66.7)</b>	<b>(55.5)</b>	<b>(49.6)</b>
CM.com NV	5.5	1.2	7.9	(29.9)	(49.6)	(28.6)	(20.6)
Kaleyra Inc	3.0	5.9	(16.6)	(30.2)	(38.2)	(32.4)	(54.0)
Link Mobility Group Holding ASA	(1.1)	(0.9)	13.3	(10.9)	(52.7)	(12.1)	(60.5)
Sinch AB (publ)	(0.3)	2.1	17.6	(28.7)	(57.2)	(30.4)	(48.0)
<b>Mobile Messaging median</b>	<b>1.4</b>	<b>1.7</b>	<b>10.6</b>	<b>(29.3)</b>	<b>(51.2)</b>	<b>(29.5)</b>	<b>(51.0)</b>
HubSpot Inc	2.3	1.5	(9.6)	(29.7)	(35.4)	(28.0)	8.3
Neosperience SpA	(1.7)	1.7	(9.6)	(16.4)	(26.6)	(16.7)	(20.7)
<b>Predictive Marketing median</b>	<b>0.3</b>	<b>1.6</b>	<b>(9.6)</b>	<b>(23.0)</b>	<b>(31.0)</b>	<b>(22.3)</b>	<b>(6.2)</b>
<b>Growens SpA</b>	<b>3.7</b>	<b>(0.4)</b>	<b>12.4</b>	<b>2.6</b>	<b>15.0</b>	<b>0.8</b>	<b>14.5</b>
MSCI World Index	1.0	2.0	4.7	(5.1)	(2.1)	(5.9)	9.9
EUROSTOXX	(0.2)	(0.4)	1.2	(9.4)	(8.3)	(10.2)	1.4
FTSE Italia All Share	0.3	0.9	(1.8)	(9.9)	(7.1)	(11.0)	1.0
FTSE Italia STAR	(1.9)	(1.0)	1.2	(14.6)	(15.0)	(16.7)	11.0
FTSE Italia Growth	(0.5)	1.3	5.5	(7.7)	(7.3)	(9.5)	23.2

**Table 17 – Growens relative performances**

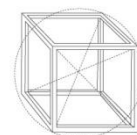
	1D	1W	1M	3M	6M	YTD	1Y
To dotDigital Group PLC	2.5	1.4	49.6	56.5	81.7	56.3	64.0
To peer Mobile Messaging median	2.3	(2.1)	1.8	31.9	66.2	30.3	65.5
To peer Predictive Marketing median	3.4	(2.0)	22.1	25.7	46.0	23.1	20.7
To MSCI World Index	2.7	(2.4)	7.8	7.8	17.1	6.7	4.6
To EUROSTOXX	3.9	0.0	11.3	12.0	23.3	11.0	13.1
To FTSE Italia All Share	3.4	(1.3)	14.2	12.5	22.1	11.8	13.4
To FTSE Italia STAR	5.6	0.6	11.3	17.3	30.0	17.5	3.5
To FTSE Italia Growth	4.2	(1.7)	6.9	10.3	22.3	10.3	(8.7)

Source: Thomson Reuters Eikon

## Risks

The main 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 showing higher firepower in the industry.



## ANALYST CERTIFICATION

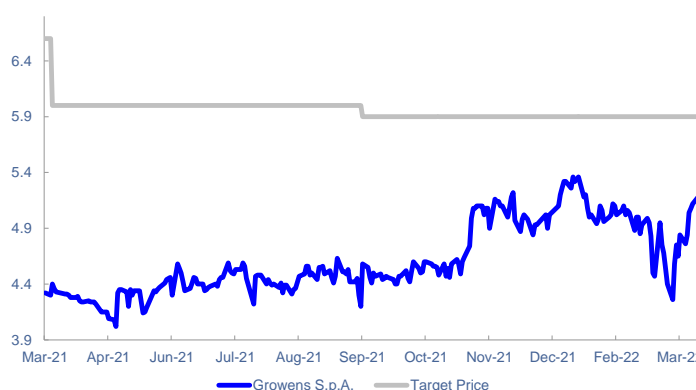
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DATE	TARGET PRICE	RATING
25/03/2022	€6.20	BUY
11/11/2021	€5.90	BUY
17/09/2021	€5.90	BUY
20/05/2021	€6.00	BUY
13/05/2021	€6.00	BUY
30/03/2021	€6.00	BUY

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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% 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.

