

Italy – Marketing Technology

Beefree keeps growing, margins increase at Agile Telecom

25th September 2023

H1-23 RESULTS RELEASE

RIC: GROWE.MI
BBG: GROW IM

H1-23 results show how the group's focus is now on accelerating Beefree's growth as well as improving the profitability of Agile Telecom. In particular, as of the beginning of the year, Growens started to increase the investments in R&D and sales & marketing and plans to invest at least a further € 1.5m in the 2024-26 period to sustain the group's organic growth.

Rating:

Neutral (Buy)

Price Target:

€ 8.00 (€ 7.50)

Upside/(Downside): 21.9%

Last Price: € 6.56

Market Cap.: € 101.0m

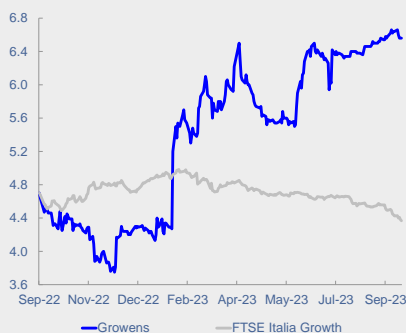
1Y High/Low: € 6.68 / € 3.71

Avg. Daily Turn. (3M, 6M): € 176k, € 159k

Free Float: 42.6%

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	0.9%	1.5%	41.4%
Rel.to FTSE IT Growth	4.7%	7.5%	48.0%
Rel.to Peers' median	2.6%	7.4%	-1.0%

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Estimates revised: SOTP-based PT of € 8.00/s (€ 7.50). Neutral (Buy)

H1-23 figures were prepared treating the ESP business as discontinued operations, thus excluding it from the consolidated financial statements. In July, the sale of the ESP business to TeamSystem was completed, generating a net inflow of ca. € 72m. Following H1-23 results, we have updated our model by factoring in 1) lower than previously expected sales at Agile Telecom while higher profitability, 2) a fine-tuning of growth rate at Beefree, 3) an increase in capex and opex for R&D and S&M on the back of the guidance announced, 4) the deconsolidation of the ESP business for the entire FY-23 (prev. consolidated for 6M). We have also updated the SOTP valuation, resulting in a new PT of € 8.00/s (€ 7.50). The estimates downgrade was more than offset by the peers' multiples rerating. Nevertheless, due to the current transition phase for the group and the execution risk linked to Beefree's development plan, we change our recommendation to Neutral (Buy).

Revenues at € 35.6m, down by ca. 5% YoY: SaaS up by 12%, CPaaS down by 7%

Total revenues were € 35.6m, down by 4.8% YoY due to declining sales of the CPaaS division (i.e. Agile Telecom) as a consequence of the strategic decision to focus on profitability instead of sales growth. The SaaS division, namely Beefree and Datatrics, rose by 11.6% thanks to a strong performance of Beefree, which more than compensated the decline in sales at Datatrics. Foreign revenues were over € 28m (+0.6% YoY), ca. 79% of total revenues. Recurring revenues grew by 12% YoY, representing ca. 17% of the total.

Agile Telecom focused on profitability, Beefree continues to grow

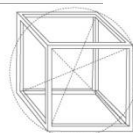
Agile Telecom totalled € 29.6m, down by 7.3% YoY but significantly improving the profitability of contracts. As a consequence, EBITDA almost doubled to € 1.4m, 4.7% margin (€ 0.7m, 2.2% margin in H1-22); 2) Beefree soared by 20.2% YoY (+19% at constant FX) to € 4.8m (\$ 5.2m) driven by increasing volumes. As of Aug-23, ARR totalled \$ 11.4m. EBITDA declined to € 0.1m, vs € 0.4m in H1-22, on the back of the significant investments in S&M and R&D to boost Beefree's growth path; 3) Datatrics's sales were € 1.1m, down by 13.5% YoY, while the loss in terms of EBITDA was slightly decreased.

Margins recovery was driven by the CPaaS division. Increasing S&M and R&D costs

EBITDA was € 0.3m, 0.8% margin, compared to negative EBITDA in H1-22, thanks to increased gross profit, mainly as a result of the material profitability recovery of the CPaaS business line, and despite increasing Sales & Marketing (+11% YoY) and R&D (+33% YoY) costs aimed at boosting Beefree's development. Pre-tax Profit was negative for € 2.9m, compared to a loss of € 1.6m in H1-22, as a consequence of 1) higher D&A due to the depreciation of increasing R&D capitalised costs as well as 2) a further impairment of Datatrics's goodwill (€ 1.3m). NFP was € 3.3m debt vs € 66k cash at year-end 2022 mainly as a consequence of a few bridge loans contracted to meet the financial needs stemming from the sale of the ESP business. It is worth remembering that, the sale of the ESP business occurred on July 13th generated a net inflow of approximately € 72m.

Growens, key financials and ratios

€ m	2021	2022	2023e	2024e	2025e
Total Revenues	71.2	103.4	79.4	87.3	95.5
EBITDA	5.2	4.1	1.8	1.9	2.3
EBIT	1.1	(2.8)	(2.6)	(1.7)	(1.2)
Net profit	0.4	(2.6)	58.2	(1.2)	(0.9)
NFP (cash)/debt	(6.5)	(0.1)	(61.3)	(60.2)	(57.7)
EBITDA margin	7.3%	4.0%	2.2%	2.1%	2.4%
EBIT margin	1.6%	-2.8%	-3.2%	-1.9%	-1.3%
EPS €	0.02	(0.17)	3.77	(0.08)	(0.06)
EPS growth	-38.0%	n.m.	n.m.	n.m.	23.2%
Free Cash Flow Yield	4.8%	-6.0%	-8.7%	-1.1%	-2.5%
PER x	n.m.	n.m.	n.m.	n.m.	n.m.
PCF x	15.3	16.3	39.7	44.1	39.2
EV/Sales x	0.86	0.68	0.50	0.47	0.45
EV/EBITDA x	11.7	17.2	22.4	22.0	18.8
EV/EBIT x	53.9	n.m.	n.m.	n.m.	n.m.



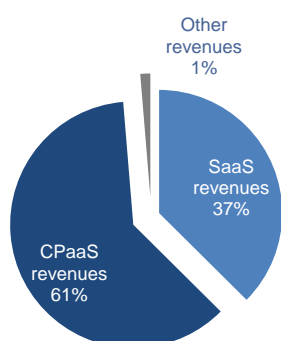
The Company at a Glance

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 suite of SaaS and CPaaS solutions allows SMEs and large corporations to master the evolving ways of communicating with customers. The group is a vertically integrated player focusing on messaging and data-driven/multi-channel marketing automation, providing over 26,000 customers in more than 115 countries with a wide range of solutions.

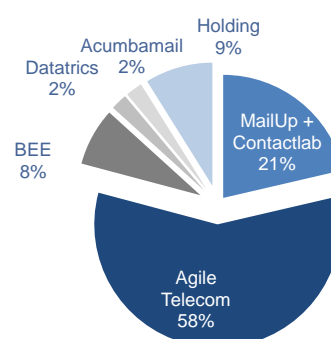
The group has been on a significant growth path since its establishment: set up as a start-up in 2002, the group has constantly grown both organically and via M&A, peaking with the launch of innovative products such as Beefree.io.

Growens closed FY-22 with revenues of € 103.4m, EBITDA of € 4.1m, 4.0% margin and over 400 employees. Net Financial Position was € 0.1m cash. Since the IPO in 2014 the group's revenues increased by a CAGR₁₃₋₂₂ of 34.4%, thanks to organic growth boosted by a few acquisitions. Foreign sales were 65% of total FY-22 revenues.

2022 breakdown by business division...



... and by business unit



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)	5.9%	0.91
Treasury shares	0.4%	0.06
Free Float	42.6%	6.56
Total	100.0%	15.39

Source: Company data

Peer group absolute performance

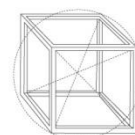
%	1D	1W	1M	3M	6M	YTD
dotDigital Group PLC	(3.7)	(0.9)	(3.3)	(10.2)	(13.7)	(3.0)
HubSpot Inc	0.4	(5.7)	(5.9)	(5.8)	21.9	66.8
Neosperience SpA	0.8	0.8	(0.5)	(10.8)	(29.7)	6.0
SaaS Marketing median	0.4	(0.9)	(3.3)	(10.2)	(13.7)	6.0
CM.com NV	0.0	1.3	(1.6)	0.5	4.2	(18.6)
Kaleyra Inc	0.1	6.2	6.0	79.2	257.4	173.2
Link Mobility Group Holding	2.9	(4.6)	5.7	26.5	73.1	76.6
Sinch AB (publ)	(0.1)	3.1	(3.1)	(20.7)	(23.0)	(46.2)
Mobile Messaging median	0.1	2.2	2.0	13.5	38.7	29.0
Growens SpA	0.0	(1.2)	0.9	1.5	15.1	52.9

Source: Refinitiv Eikon

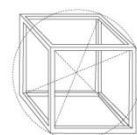
Peer group multiples table

Price & EV multiples x	SALES FY1	SALES FY2	EBITDA FY1	EBITDA FY2	EBIT FY1	EBIT FY2	PER FY1	PER FY2
dotDigital Group PLC	2.89	n.a.	8.9	n.a.	13.5	n.a.	19.1	18.2
HubSpot Inc	10.98	8.81	63.8	48.8	79.5	58.0	87.7	69.7
Neosperience SpA	1.90	1.87	6.5	6.5	18.7	26.9	39.9	41.3
SaaS Marketing median	2.89	5.34	8.9	27.6	18.7	42.5	39.9	41.3
CM.com NV	1.17	1.06	n.m.	24.0	n.m.	n.m.	n.m.	n.m.
Kaleyra Inc	0.68	0.63	10.4	8.9	n.m.	n.m.	n.m.	n.m.
Link Mobility Group Holding ASA	1.07	0.91	8.8	6.9	16.3	11.7	13.3	10.8
Sinch AB (publ)	0.88	0.75	7.7	5.9	20.8	14.1	n.m.	22.1
Mobile Messaging median	0.97	0.83	8.8	7.9	18.6	12.9	13.3	16.4
Growens SpA	0.50	0.47	22.4	22.0	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	79.4	87.3	95.5
COGS	(47.4)	(72.5)	(57.2)	(62.9)	(68.7)
Gross Profit	23.8	30.8	22.2	24.5	26.7
Sales & Marketing	(7.3)	(10.0)	(7.9)	(8.7)	(9.5)
Research & Development	(3.2)	(4.5)	(3.6)	(3.9)	(4.3)
General costs	(8.1)	(12.2)	(8.9)	(9.9)	(10.6)
EBITDA	5.2	4.1	1.8	1.9	2.3
D&A	(4.1)	(6.9)	(4.3)	(3.5)	(3.5)
EBIT	1.1	(2.8)	(2.6)	(1.7)	(1.2)
Financials	(0.0)	(0.3)	(0.3)	(0.3)	(0.3)
Re/(Devaluation) of financial assets	0.0	0.0	0.0	0.0	0.0
Extraordinary	0.0	0.0	60.0	0.0	0.0
Pre-Tax profit	1.1	(3.1)	57.2	(1.9)	(1.5)
Income taxes	(0.7)	0.6	1.1	0.7	0.6
Minorities	(0.0)	(0.0)	0.0	0.0	0.0
Net Profit	0.4	(2.6)	58.2	(1.2)	(0.9)
Net Profit adj.	0.4	(2.6)	(1.8)	(1.2)	(0.9)
Balance sheet (€ m)	2021	2022	2023e	2024e	2025e
Net Working Capital	(1.7)	1.8	2.2	1.0	1.2
Net Fixed Assets	26.9	31.8	23.5	25.0	26.5
Equity Investments	0.1	0.3	0.3	0.3	0.3
Other M/L Term A/L	(14.3)	(17.0)	(12.0)	(12.4)	(12.5)
Net Invested Capital	11.0	17.0	14.0	13.9	15.4
Net Financial Position	(6.5)	(0.1)	(61.3)	(60.2)	(57.7)
Minorities	(0.0)	(0.1)	(0.1)	(0.1)	(0.1)
Group's Shareholders Equity	17.5	17.1	75.3	74.1	73.1
Financial Liabilities & Equity	11.0	17.0	14.0	13.9	15.4
Cash Flow statement (€ m)	2021	2022	2023e	2024e	2025e
Total net income	0.4	(2.6)	(3.8)	(1.2)	(0.9)
Depreciation	4.1	6.9	4.3	3.5	3.5
Other non-cash charges	4.3	2.0	(5.0)	0.4	0.1
Cash Flow from Oper. (CFO)	8.7	6.3	(4.4)	2.7	2.7
Change in NWC	0.3	(3.6)	(0.4)	1.2	(0.1)
FCF from Operations (FCFO)	9.0	2.7	(4.8)	3.9	2.5
Net Investments (CFI)	(4.1)	(8.8)	66.0	(5.0)	(5.0)
Free CF to the Firm (FCFF)	4.9	(6.1)	61.2	(1.1)	(2.5)
CF from financials (CFF)	(1.4)	(0.1)	0.0	0.0	0.0
Free Cash Flow to Equity (FCFE)	3.5	(6.2)	61.2	(1.1)	(2.5)
Financial ratios	2021	2022	2023e	2024e	2025e
EBITDA margin	7.3%	4.0%	2.2%	2.1%	2.4%
EBIT margin	1.6%	-2.8%	-3.2%	-1.9%	-1.3%
Net profit margin	0.5%	-2.5%	73.3%	-1.4%	-1.0%
Tax rate	65.9%	17.8%	n.m.	37.0%	37.0%
Op NWC/Sales	-2.4%	1.8%	2.8%	1.2%	1.3%
Interest coverage x	0.04	(0.10)	(0.11)	(0.17)	(0.24)
Net Debt/EBITDA x	(1.25)	(0.02)	(34.51)	(32.43)	(24.94)
Debt-to-Equity x	(0.37)	(0.00)	(0.81)	(0.81)	(0.79)
ROIC	3.2%	-15.4%	n.m.	-8.8%	-6.1%
ROCE	4.1%	n.m.	n.m.	n.m.	n.m.
ROACE	4.1%	-10.0%	-4.4%	-1.9%	-1.4%
ROE	2.0%	-15.3%	n.m.	-1.7%	-1.3%
Payout ratio	0.0%	0.0%	0.0%	0.0%	0.0%
Per share figures	2021	2022	2023e	2024e	2025e
Number of shares # m	14.97	15.39	15.39	15.39	15.39
Number of shares Fully Diluted # m	17.37	16.53	15.39	15.39	15.39
Average Number of shares Fully Diluted # m	17.37	16.95	15.96	15.39	15.39
EPS stated FD €	0.02	(0.15)	3.65	(0.08)	(0.06)
EPS adjusted FD €	0.02	(0.15)	(0.11)	(0.08)	(0.06)
EBITDA €	0.30	0.24	0.11	0.12	0.15
EBIT €	0.07	(0.17)	(0.16)	(0.11)	(0.08)
BV €	1.01	1.03	4.89	4.81	4.75
FCFO €	0.52	0.16	(0.30)	0.25	0.16
FCFF €	0.28	(0.36)	3.83	(0.07)	(0.16)
FCFE €	0.20	(0.36)	3.83	(0.07)	(0.16)
Dividend €	0.00	0.00	0.00	0.00	0.00



H1-23 Results

Growens reported H1-23 results characterised by slightly declining sales and increasing profitability. H1-23 figures were prepared to treat the Email Service Provider business (i.e. MailUp, Contactlab, and Acumbamail) as discontinued operations in accordance with the IFRS5 accounting principle, thus excluding it from the consolidated financial statements and restating also H1-22 figures. It is worth remembering that, **on July 13th the sale of the ESP business to TeamSystem was completed, generating a net inflow of approximately € 72m.**

Part of the fresh resources collected with the sale of the ESP business will be used to boost the development of Beefree both organically and through M&As. In terms of organic growth, the group expects to invest at least € 15m over the next three years.

Table 1 – Growens, H1-23 results

€ m	H1-23	H1-22	% YoY
SaaS Revenues	5.9	5.3	11.6
CPaaS Revenues	29.5	31.8	(7.3)
Other Revenues	0.3	0.4	(21.3)
Total revenues	35.6	37.4	(4.8)
COGS	(28.4)	(31.3)	
Gross Profit	7.2	6.1	17.2
% margin	20.2	16.4	
Sales & Marketing	(2.2)	(2.0)	
Research & Development	(1.2)	(1.0)	
General costs	(3.5)	(3.4)	
EBITDA	0.3	(0.3)	n.m.
% margin	0.8	(0.8)	
D&A	(3.0)	(1.4)	
EBIT	(2.7)	(1.7)	(56.7)
% margin	(7.6)	(4.6)	
Financials	(0.2)	0.1	
Pre-Tax profit	(2.9)	(1.6)	(75.1)
% margin	(8.1)	(4.4)	
Income taxes	0.0	(0.0)	
Tax rate	0.5%	-0.3%	
Minorities	0.0	0.0	
Net Profit	(2.8)	(1.6)	(72.8)
% margin	(8.0)	(4.4)	
Net result from disc. operations	0.2	0.7	
Net Profit (incl. disc. operations)	(2.6)	(0.9)	n.m.
% margin	(7.4)	(2.5)	
Net Financial Position debt/(cash) *	3.3	(0.1)	n.m.

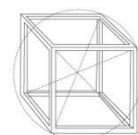
Sources: Company data *compared to FY-22 NFP

Total revenues were € 35.6m, down by 4.8% YoY due to **declining sales of the CPaaS business line (i.e. Agile Telecom) as a consequence of the strategic decision to focus on profitability instead of sales growth.** The SaaS division, namely Beefree and Datatrics, rose by 11.6% thanks to a **strong performance of Beefree**, which more than compensated the decline in sales at Datatrics.

Foreign revenues were over € 28m (+0.6% YoY), approximately 79% of total revenues. Recurring revenues grew by 12% YoY, representing ca. 17% of the total.

EBITDA was € 0.3m, 0.8% margin, compared to negative EBITDA in H1-22, thanks to increased gross profit, mainly as a result of the **material profitability recovery of the CPaaS business line**, and despite increasing Sales & Marketing (+11% YoY) and R&D (+33% YoY) costs aimed at boosting Beefree's development.

Pre-tax Profit was negative for € 2.9m, compared to a loss of € 1.6m in H1-22, as a consequence of 1) higher D&A due to the depreciation of increasing R&D capitalised costs as well as 2) a further impairment of Datatrics's goodwill (€ 1.3m).



NFP was € 3.3m debt vs € 66k cash at year-end 2022 mainly as a consequence of a few bridge loans contracted to meet the financial needs stemming from the sale of the ESP business. It is worth remembering that, the sale of the ESP business occurred on July 13th generated a net inflow of approximately € 72m.

By excluding the IFRS16-related debt, NFP was € 0.4m debt compared to € 2.4m cash at year-end 2022.

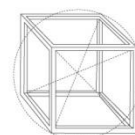
Table 2 – Growens, H1-23 results by business unit

€ m	H1-23	H1-22	% YoY
Agile Telecom	29.6	31.9	(7.3)
Beefree	4.8	4.0	20.2
Datatics	1.1	1.2	(13.5)
EBITDA Agile Telecom	1.4	0.7	94.5
EBITDA Beefree	0.1	0.4	(68.3)
EBITDA Datatics	(0.6)	(0.9)	30.1
EBITDA % Agile Telecom	4.7	2.2	
EBITDA % Beefree	2.6	9.7	
EBITDA % Datatics	(58.6)	(72.5)	

Sources: Company data

In terms of business units:

- **Agile Telecom totalled € 29.6m, down by 7.3% YoY but significantly improving the profitability of contracts.** As a consequence, **EBITDA almost doubled**, reaching € 1.4m, 4.7% margin (compared to € 0.7m, 2.2% margin in H1-22).
- **Beefree soared by 20.2% YoY** (+19% at constant EUR/USD exchange rate) to € 4.8m (\$ 5.2m) driven by **increasing volumes**. As of August 2023, **ARR totalled \$ 11.4m**. EBITDA declined to € 0.1m, vs € 0.4m in H1-22, on the back of the significant investments in sales & marketing and R&D in order to boost the Beefree's growth path.
- **Datatics's sales were € 1.1m, down by 13.5% YoY**, while the loss in terms of EBITDA was slightly decreased.



Estimates, Valuation & Risks

H1-23 results show how the group's focus is now on accelerating Beefree's growth as well as improving the profitability of Agile Telecom. In particular, as of the beginning of the year, **Growens started to increase the investments in R&D and sales & marketing and plans to invest at least a further € 15m in the next three years (2024-26)** to sustain the group's organic growth.

Following H1-23 results, **we have updated our model** by factoring in: 1) lower than previously expected sales at Agile Telecom while higher profitability; 2) a fine-tuning of growth rate at Beefree; 3) an increase in capex and operating expenses for R&D and sales & marketing on the back of the guidance announced by the group; 4) the deconsolidation of the ESP business for the entire FY-23 (previously consolidated for 6M), in line with the IFRS5 accounting principle.

Table 3 – Growens, 2023e new/old estimates

€ m	New	Old	% Diff.	€ m Diff.
Agile Telecom	67.6	74.4	(9.1)	(6.8)
Beefree	11.5	12.4	(7.1)	(0.9)
Datatics	2.2	2.7	(19.0)	(0.5)
EBITDA Agile Telecom	3.0	2.6	16.9	0.4
EBITDA Beefree	0.1	0.2	(76.8)	(0.2)
EBITDA Datatics	(1.2)	(0.5)	n.m.	(0.7)

Source: CFO SIM

Table 4 – Growens, 2024e new/old estimates

€ m	New	Old	% Diff.	€ m Diff.
Agile Telecom	71.0	80.3	(11.6)	(9.3)
Beefree	15.0	17.4	(13.8)	(2.4)
Datatics	2.2	2.8	(22.9)	(0.6)
EBITDA Agile Telecom	3.2	2.8	13.6	0.4
EBITDA Beefree	(0.7)	0.3	n.m.	(1.0)
EBITDA Datatics	(0.5)	0.0	n.m.	(0.5)

Source: CFO SIM

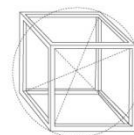
Table 5 – Growens, 2025e new/old estimates

€ m	New	Old	% Diff.	€ m Diff.
Agile Telecom	74.6	84.4	(11.6)	(9.8)
Beefree	19.5	24.4	(19.9)	(4.9)
Datatics	2.2	2.9	(24.7)	(0.7)
EBITDA Agile Telecom	3.4	3.0	13.6	0.4
EBITDA Beefree	(0.6)	1.2	n.m.	(1.8)
EBITDA Datatics	(0.3)	0.1	n.m.	(0.5)

Source: CFO SIM

We have also updated the SOTP valuation, resulting in a **PT of € 8.00/s (€ 7.50)**. The estimates downgrade was more than offset by the peers' multiples rerating. Nevertheless, **due to the current transition phase for the group and the execution risk linked to Beefree's development plan, we change our recommendation to Neutral (Buy)**.

After the sale of the Email Service Provider business, the focus will definitely be on Beefree: the goal is to considerably accelerate the development of the company, which is the fastest-growing business unit within the group, both organically and through strategic M&A deals. In particular, organic growth will be sustained by strong investments in sales & marketing and research & development (at least € 15m in the 2024-26 period), in order to increase brand awareness and develop innovative features, such as connectors and artificial intelligence. About M&A, management is currently in a scouting phase, looking for companies able to enrich Beefree's offer, in terms of product, technology, and people.



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, 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 solution from its cloud-based platform. CM.com is also a licensed Payment Service Provider (PSP).

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

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

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

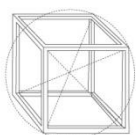


Table 6 – Growens, peer group summary table

€ 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	282	80	26	32.6%	10.4%	8.5%	9.2%	6.3%	(2.0)
HubSpot Inc	USA	22,650	1,984	341	17.2%	22.4%	n.m.	n.m.	32.1%	(2.6)
Neosperience SpA	Italy	39	25	7	29.1%	13.3%	11.7%	28.1%	36.5%	1.1
SaaS Marketing median		282	80	26	29.1%	13.3%	10.1%	18.6%	32.1%	(2.0)
CM.com NV	Netherlands	269	296	(3)	n.m.	10.0%	n.m.	n.m.	-74.0%	n.m.
Kaleyra Inc	USA	90	319	21	6.5%	3.7%	n.m.	n.a.	n.a.	6.0
Link Mobility Group Holding ASA	Norway	343	549	66	12.1%	10.2%	10.8%	28.1%	18.1%	3.7
Sinch AB (publ)	Sweden	1,456	2,445	279	11.4%	5.1%	11.8%	36.6%	264.0%	2.5
Mobile Messaging median		306	434	44	11.4%	7.5%	11.3%	32.3%	18.1%	3.7
Growens SpA	Italy	101	79	2	2.2%	-2.6%	-17.4%	-24.9%	-27.7%	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	2.89	n.a.	n.a.	8.9	n.a.	n.a.
HubSpot Inc	10.98	8.81	7.00	63.8	48.8	35.0
Neosperience SpA	1.90	1.87	1.48	6.5	6.5	5.1
SaaS Marketing median	2.89	5.34	4.24	8.9	27.6	20.0
CM.com NV	1.17	1.06	0.93	n.m.	24.0	13.7
Kaleyra Inc	0.68	0.63	0.59	10.4	8.9	8.5
Link Mobility Group Holding ASA	1.07	0.91	0.77	8.8	6.9	5.7
Sinch AB (publ)	0.88	0.75	0.64	7.7	5.9	4.9
Mobile Messaging median	0.97	0.83	0.70	8.8	7.9	7.1
Growens SpA	0.50	0.47	0.45	22.4	22.0	18.8
% Prem./(disc.) to SaaS Marketing	(82.6)	(91.2)	(89.3)	153.2	(20.2)	(6.2)
% Prem./(disc.) to Mobile Messaging	(48.5)	(43.6)	(35.5)	153.9	178.7	163.5

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	13.5	n.a.	n.a.	19.1	18.2	16.9
HubSpot Inc	79.5	58.0	41.2	87.7	69.7	50.2
Neosperience SpA	18.7	26.9	14.3	39.9	41.3	21.4
SaaS Marketing median	18.7	42.5	27.7	39.9	41.3	21.4
CM.com NV	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Kaleyra Inc	n.m.	n.m.	n.a.	n.m.	n.m.	n.a.
Link Mobility Group Holding ASA	16.3	11.7	9.4	13.3	10.8	9.5
Sinch AB (publ)	20.8	14.1	13.0	n.m.	22.1	13.6
Mobile Messaging median	18.6	12.9	13.0	13.3	16.4	11.5
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 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 decided to value Datatrics at book value (€ 4.3m). 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 € 8.00/s.**

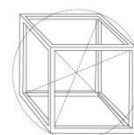


Table 9 – Growens, Sum of the Parts equity value assessment – FY1 (2023e)

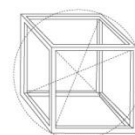
	€ m	% on EV	Methodology
Beefree BU	26.7	50.9	2.3x peer multiple on € 11.5m BU Sales 2023e
Agile Telecom BU	21.5	41.0	7.1x peer multiple on € 3.0m BU EBITDA 2023e
Datatrix BU	4.3	8.1	Book Value H1-23
Total EV	52.4	100.0	
Holding costs	(3.8)		Perpetuity of holding costs @ 7.6%
NFP	61.3		FY-23e Net Financial Position
Pension Provision	(4.0)		Pension last reported - FY-22
Equity Value	105.9		
Per share	6.90		
<i>% upside/(downside)</i>	5.3%		

Source: CFO SIM, Refinitiv Eikon

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

	€ m	% on EV	Methodology
Beefree BU	64.1	72.4	4.3x peer multiple on € 15.0m BU Sales 2024e
Agile Telecom BU	20.2	22.8	6.3x peer multiple on € 3.2m BU EBITDA 2024e
Datatrix BU	4.3	4.8	Book Value H1-23
Total EV	88.6	100.0	
Holding costs	(3.6)		Perpetuity of holding costs @ 7.6%
NFP	60.2		FY-24e Net Financial Position
Pension Provision	(4.0)		Pension last reported - FY-22
Equity Value	141.1		
Per share	9.20		
<i>% upside/(downside)</i>	40.3%		

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**, +241.7% 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

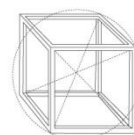
%	1D	1W	1M	3M	6M	YTD	1Y
dotDigital Group PLC	(3.7)	(0.9)	(3.3)	(10.2)	(13.7)	(3.0)	(13.7)
HubSpot Inc	0.4	(5.7)	(5.9)	(5.8)	21.9	66.8	76.5
Neosperience SpA	0.8	0.8	(0.5)	(10.8)	(29.7)	6.0	13.1
SaaS Marketing median	0.4	(0.9)	(3.3)	(10.2)	(13.7)	6.0	13.1
CM.com NV	0.0	1.3	(1.6)	0.5	4.2	(18.6)	(14.4)
Kaleyra Inc	0.1	6.2	6.0	79.2	257.4	173.2	47.3
Link Mobility Group Holding ASA	2.9	(4.6)	5.7	26.5	73.1	76.6	88.4
Sinch AB (publ)	(0.1)	3.1	(3.1)	(20.7)	(23.0)	(46.2)	42.4
Mobile Messaging median	0.1	2.2	2.0	13.5	38.7	29.0	44.9
Growens SpA	0.0	(1.2)	0.9	1.5	15.1	52.9	41.4
MSCI World Index	(0.2)	(2.7)	(1.1)	(0.8)	7.0	10.6	15.7
EUROSTOXX	(0.3)	(2.0)	(0.6)	(0.8)	1.6	8.5	18.1
FTSE Italia All Share	(0.5)	(1.2)	1.0	4.1	8.6	18.4	28.9
FTSE Italia STAR	(0.8)	(2.7)	(4.4)	(9.9)	(11.9)	(8.5)	2.1
FTSE Italia Growth	(0.3)	(1.3)	(3.8)	(6.0)	(8.5)	(8.0)	(6.6)

Source: Refinitiv Eikon

Table 12 – Growens, relative performances

%	1D	1W	1M	3M	6M	YTD	1Y
To SaaS Marketing median	(0.4)	(0.3)	4.2	11.7	28.7	46.9	28.3
To peer Mobile Messaging median	(0.1)	(3.4)	(1.1)	(11.9)	(23.6)	23.9	(3.5)
To MSCI World Index	0.2	1.5	2.0	2.3	8.1	42.3	25.7
To EUROSTOXX	0.3	0.8	1.6	2.4	13.5	44.4	23.3
To FTSE Italia All Share	0.5	0.0	(0.0)	(2.5)	6.5	34.5	12.5
To FTSE Italia STAR	0.8	1.5	5.3	11.4	27.0	61.4	39.3
To FTSE Italia Growth	0.3	0.1	4.7	7.5	23.6	60.9	48.0

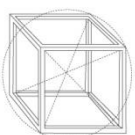
Source: Refinitiv Eikon



Risks

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

- Fast technological developments increasing competitive pressure;
- Risks due to ICT malfunctions;
- Profit margin dilution stemming from the acquisition campaign;
- Impacts on the profit and loss and balance sheet profiles triggered by a sharp decline in global economic growth or geopolitical instability;
- Departure of one, or a few, of the key people;
- M&A execution being hampered by potential consolidating actors showing higher firepower in the industry;
- The execution risk linked to Beefree's development strategy following the sale of the ESP business is not to be underestimated.



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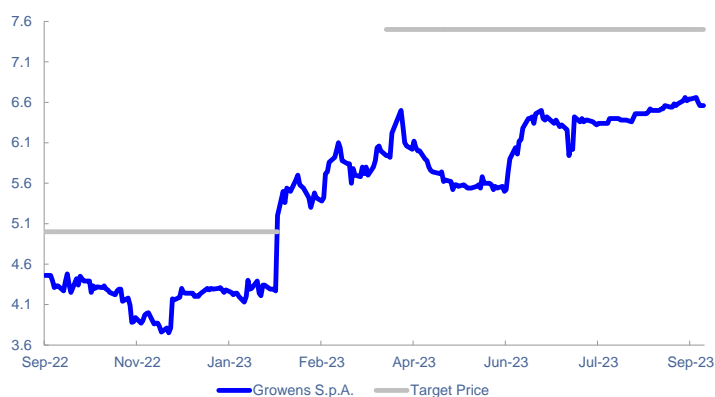
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DATE	TARGET PRICE	RATING
25/09/2023	€8.00	NEUTRAL
10/05/2023	€7.50	BUY
03/04/2023	€7.50	BUY
06/02/2023	U.R.	U.R.
11/01/2023	€5.00	NEUTRAL
11/11/2022	€5.00	NEUTRAL
13/09/2022	€5.00	NEUTRAL

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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.

