

Italy – Marketing Technology

Q1-24 in line with the outlook. Synergic acquisition for Beefree

13th May 2024

Q1-24 RESULTS / RGE ACQUISITION

RIC: GROWE.MI
BBG: GROW IM

Q1-24 results showed a good performance of Beefree in terms of sales growth, concerning both reported revenues and ARR, coupled with an increased gross margin, confirming the growing profitability of the group's products and services mix. As expected, EBITDA was impacted by the increased S&M and R&D expenses aimed at boosting Beefree's development.

Rating:

Neutral

Price Target:

€ 6.60 (€ 6.40)

Upside/(Downside): -7.0%

Last Price: € 7.10

Market Cap.: € 109.3m

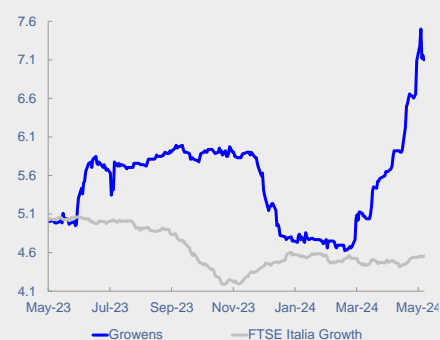
1Y High/Low: € 7.66 / € 4.50

Avg. Daily Turn. (3M, 6M): € 184k, € 166k

Free Float: 31.3%

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	19.9%	49.5%	41.4%
Rel.to FTSE IT Growth	17.9%	47.3%	50.7%
Rel.to Peers median	26.9%	57.0%	34.5%

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Estimates updated: new PT of € 6.60/s (€ 6.40), broadly in line with current prices

Following the Q1-24 results release, the acquisition of RGE and the announcement of the 2024-26 guidance, we have updated our model by aligning our projections closer to the company's targets. We have also updated the SOTP valuation, resulting in a new PT of € 6.60/s (€ 6.40). We remind you that our forecasts include the distribution of the entire extraordinary dividend of € 1.58/s, whilst the current share price reflects only the detachment of the first instalment of the extraordinary dividend (i.e. € 0.79/s). Neutral confirmed.

Beefree's revenues up by 17% YoY, ARR at \$ 13m, +23% YoY

In Q1-24, total revenues were € 16.9m compared to € 17.3m in Q1-23. The SaaS division (i.e. Beefree, whose activities are based on recurring SaaS subscriptions) totalled € 2.8m, up by 17.3% YoY. The CPaaS division (i.e. Agile Telecom) declined by 6.7% YoY to € 13.9m (€ 14.8m in Q1-23). Gross profit increased by 9.0% YoY to € 3.2m, 18.9% margin (€ 2.9m, 17.0% margin in Q1-23), while EBITDA was € 0.7m negative (€ 0.1m negative in Q1-23), mainly due to the acceleration of the investments in S&M (+49% YoY) and R&D (+25% YoY, of which +24% as opex) aimed at boosting Beefree's development. NFP was € 36.3m cash compared to € 42.1m cash at year-end 2023, mainly because of 1) a temporary increase in NWC due to some advance payments to certain suppliers of Agile Telecom to obtain more convenient purchase prices, 2) capex for Beefree's development and 3) a few significant payments incurred in 2024 but inherent to FY-23.

Acquisition of Really Good Emails, Inc., a natural extension of Beefree

In mid-April, Growens acquired Really Good Emails, Inc. (RGE) for \$ 600k coupled with a maximum earn-out of \$ 6m (max. \$ 3m of which can be paid in GROW's shares). RGE owns a website and software offering a wide array of email templates, which allow users to gather inspiration for campaign designs. In 2023, RGE generated revenues of \$ 250k. Growens expects significant synergies stemming from the integration of RGE into Beefree, as RGE seems to be a natural extension of Beefree because it allows to close the gap between finding inspiration and creating valuable content. In addition, Management expects that the integration of RGE and the implementation of generative-AI-related innovation will allow Beefree to reach operating break-even in 2025 and cash break-even in 2026, together with double-digit top-line growth and EBITDA in line with the best market standards.

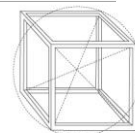
Beefree's guidance 2024-26 announced

As a consequence of the integration of RGE, Growens disclosed the guidance 2024-26 concerning Beefree: 1) Revenue CAGR₂₃₋₂₆ > 35%; 2) Gross margin 2026 > 75%; 3) Headcount CAGR₂₃₋₂₆ > 5%, especially concerning Customer Experience, Marketing, Sales, and R&D departments; 4) EBITDA 2025 at break-even and EBITDA at full capacity > 15%; 5) cumulated capex of \$ 15m in 2024-26 (as already announced); 6) negative CF of \$ 8-10m in 2024-25 and break-even in 2026; 7) ARR of \$ 15-18m in 2024 and \$ 30-35m in 2026.

Growens, key financials and ratios

€ m	2022*	2023	2024e	2025e	2026e
Total Revenues	77.0	75.1	76.2	81.5	88.5
EBITDA	1.4	(0.6)	(0.3)	1.5	2.7
EBIT	(1.4)	(3.7)	(3.5)	(1.6)	(0.4)
Adj. Net profit	(1.5)	(3.1)	(2.3)	(1.1)	(0.3)
NFP (cash)/debt	(0.1)	(42.1)	(17.0)	(13.8)	(11.5)
EBITDA margin	1.9%	-0.7%	-0.4%	1.9%	3.1%
EBIT margin	-1.8%	-4.9%	-4.6%	-1.9%	-0.5%
EPS €	(0.10)	(0.20)	(0.15)	(0.07)	(0.02)
EPS growth	42.5%	n.m.	26.0%	53.0%	68.4%
Free Cash Flow Yield	0.0%	5.4%	-4.6%	-2.9%	-2.1%
PER x	n.m.	n.m.	n.m.	n.m.	n.m.
PCF x	55.2	n.m.	n.m.	n.m.	n.m.
EV/Sales x	0.92	0.66	1.21	1.17	1.10
EV/EBITDA x	49.4	n.m.	n.m.	61.7	36.1
EV/EBIT x	n.m.	n.m.	n.m.	n.m.	n.m.

*2022 was restated to treat the ESP business and Datatrics as discontinued operations

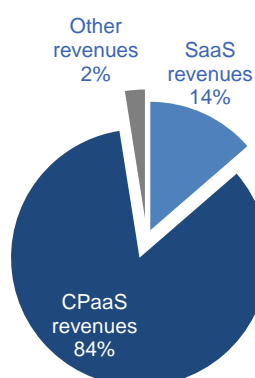


The company at a glance

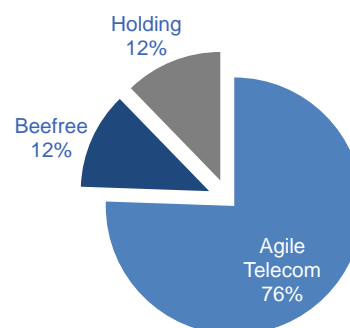
Founded in Cremona (Italy) in 2002 as an email service provider (i.e. the original business MailUp), Growens is now a leading international player in the Global Cloud Marketing Technologies market, one of the fastest growing industries worldwide. Its SaaS and CPaaS solutions allow SMEs and large corporations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

The group has been on a significant growth path since its establishment: set up as a start-up in 2002, the group has constantly grown both organically and via M&A (6 acquisitions since 2015 and 2 divestments), peaking with the launch of innovative products such as Beefree.io.

2023 breakdown by business division...



... and by business unit



Shareholder structure

Shareholders	%	# m
Nazzareno Gorni (via Poliedriq 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
Treasury shares	17.6%	2.71
Free Float	31.3%	4.82
Total	100.0%	15.39

Source: Company data

Peer group absolute performance

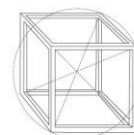
%	1D	1W	1M	3M	6M	YTD
dotDigital Group PLC	0.0	7.2	3.5	2.5	10.6	(1.8)
HubSpot Inc	1.8	(0.4)	(9.9)	(7.5)	39.4	3.0
Neosperience SpA	(2.5)	(4.1)	(16.0)	(1.7)	0.6	(3.6)
SaaS Marketing median	0.0	(0.4)	(9.9)	(1.7)	10.6	(1.8)
CM.com NV	2.9	2.3	(6.9)	(14.9)	(18.8)	(23.0)
Link Mobility Group Holding	1.5	4.7	7.7	20.8	36.8	14.8
Sinch AB (publ)	(1.4)	(15.4)	(17.9)	(20.6)	(11.1)	(42.4)
Twilio Inc	1.0	(2.9)	(1.2)	(16.1)	2.1	(20.8)
Mobile Messaging median	1.2	(0.3)	(4.1)	(15.5)	(4.5)	(21.9)
Growens SpA	(0.8)	0.1	19.9	49.5	21.8	48.3

Source: Refinitiv Eikon

Peer group multiples table

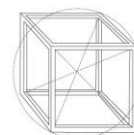
Price & EV multiples x	SALES FY1	SALES FY2	EBITDA FY1	EBITDA FY2	EBIT FY1	EBIT FY2	PER FY1	PER FY2
dotDigital Group PLC	3.62	3.27	11.9	10.7	18.3	16.2	21.9	20.4
HubSpot Inc	11.53	9.61	58.3	46.7	69.0	54.4	76.8	63.8
Neosperience SpA	1.88	1.55	7.5	5.6	28.2	12.7	60.3	18.1
SaaS Marketing median	3.62	3.27	11.9	10.7	28.2	16.2	60.3	20.4
CM.com NV	1.01	0.91	16.1	11.3	n.m.	40.8	n.m.	n.m.
Link Mobility Group Holding ASA	1.06	0.81	10.9	8.0	22.0	14.4	16.6	13.9
Sinch AB (publ)	0.83	0.72	6.7	5.5	18.4	14.9	47.8	17.1
Twilio Inc	1.91	1.63	10.1	8.3	13.4	10.7	19.3	17.2
Mobile Messaging median	1.03	0.86	10.5	8.1	18.4	14.6	19.3	17.1
Growens SpA	1.21	1.17	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.

Sources: CFO SIM, Refinitiv Eikon



Income statement (€ m)	2022*	2023	2024e	2025e	2026e
Total revenues	77.0	75.1	76.2	81.5	88.5
COGS	(64.5)	(60.2)	(60.5)	(64.4)	(69.9)
Gross Profit	12.5	14.8	15.6	17.1	18.6
Sales & Marketing	(2.8)	(4.4)	(5.7)	(6.0)	(6.2)
Research & Development	(2.1)	(1.9)	(1.9)	(1.9)	(1.9)
General costs	(6.1)	(9.0)	(8.3)	(7.7)	(7.7)
EBITDA	1.4	(0.6)	(0.3)	1.5	2.7
D&A	(2.8)	(3.1)	(3.2)	(3.1)	(3.1)
EBIT	(1.4)	(3.7)	(3.5)	(1.6)	(0.4)
Financials	(0.3)	1.0	(0.1)	(0.1)	(0.1)
Re/(Devaluation) of financial assets	0.0	0.0	0.0	0.0	0.0
Extraordinary	(1.5)	56.1	0.0	0.0	0.0
Pre-Tax profit	(3.1)	53.5	(3.6)	(1.7)	(0.5)
Income taxes	0.6	(0.4)	1.3	0.6	0.2
Minorities	(0.0)	(0.1)	0.0	0.0	0.0
Net Profit	(2.6)	53.0	(2.3)	(1.1)	(0.3)
Adjusted Net Profit	(1.5)	(3.1)	(2.3)	(1.1)	(0.3)
Balance sheet (€ m)	2022*	2023	2024e	2025e	2026e
Net Working Capital	1.8	(4.0)	(3.7)	(3.7)	(3.8)
Net Fixed Assets	31.8	15.5	17.9	19.7	21.6
Equity Investments	0.3	0.4	0.4	0.4	0.4
Other M/L Term A/L	(17.0)	2.7	2.8	3.0	3.3
Net Invested Capital	17.0	14.7	17.4	19.5	21.5
Net Financial Position	(0.1)	(42.1)	(17.0)	(13.8)	(11.5)
Minorities	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)
Group's Shareholders Equity	17.1	56.9	34.5	33.5	33.1
Financial Liabilities & Equity	17.0	14.7	17.4	19.5	21.5
Cash Flow statement (€ m)	2022*	2023	2024e	2025e	2026e
Total net income	-	53.1	(2.3)	(1.1)	(0.3)
Depreciation	-	3.1	3.2	3.1	3.1
Other non-cash charges	-	(67.8)	(0.0)	(0.2)	(0.3)
Cash Flow from Oper. (CFO)	-	(11.5)	0.9	1.8	2.5
Change in NWC	-	5.8	(0.3)	(0.0)	0.2
FCF from Operations (FCFO)	-	(5.7)	0.6	1.8	2.7
Net Investments (CFI)	-	65.1	(5.6)	(5.0)	(5.0)
Free CF to the Firm (FCFF)	-	59.4	(5.0)	(3.2)	(2.3)
CF from financials (CFF)	-	(26.0)	(20.0)	0.0	0.0
Free Cash Flow to Equity (FCFE)	-	33.3	(25.1)	(3.2)	(2.3)
Financial ratios	2022*	2023	2024e	2025e	2026e
EBITDA margin	1.9%	-0.7%	-0.4%	1.9%	3.1%
EBIT margin	-1.8%	-4.9%	-4.6%	-1.9%	-0.5%
Adj. Net profit margin	-2.0%	-4.1%	-3.0%	-1.3%	-0.4%
Tax rate	18.0%	n.m.	n.m.	n.m.	n.m.
Op NWC/Sales	2.4%	-5.3%	-4.9%	-4.5%	-4.3%
Interest coverage x	n.m.	n.m.	n.m.	n.m.	n.m.
Net Debt/EBITDA x	(0.05)	n.m.	n.m.	(8.94)	(4.24)
Debt-to-Equity x	(0.00)	(0.74)	(0.49)	(0.41)	(0.35)
ROIC	n.m.	n.m.	n.m.	n.m.	n.m.
ROCE	n.m.	n.m.	n.m.	n.m.	n.m.
ROACE	n.m.	n.m.	n.m.	n.m.	n.m.
ROE	n.m.	n.m.	n.m.	n.m.	n.m.
Payout ratio	0.0%	37.8%	0.0%	0.0%	0.0%
Per share figures	2022*	2023	2024e	2025e	2026e
Number of shares # m	15.39	15.39	15.39	15.39	15.39
Number of shares Fully Diluted # m	15.39	15.39	15.39	15.39	15.39
Average Number of shares Fully Diluted # m	15.39	15.39	15.39	15.39	15.39
EPS stated FD €	(0.17)	3.44	(0.15)	(0.07)	(0.02)
EPS adjusted FD €	(0.10)	(0.20)	(0.15)	(0.07)	(0.02)
EBITDA €	0.09	(0.04)	(0.02)	0.10	0.18
EBIT €	(0.09)	(0.24)	(0.23)	(0.10)	(0.03)
BV €	1.11	3.69	2.24	2.17	2.14
FCFO €	-	(0.37)	0.04	0.12	0.17
FCFF €	-	3.86	(0.33)	(0.21)	(0.15)
FCFE €	-	2.17	(1.63)	(0.21)	(0.15)
Dividend €	0.00	1.58	0.00	0.00	0.00

*2022 was restated to treat the ESP business and Datatrics as discontinued operations



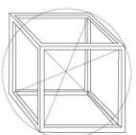
ESG Profile

Growens pays close attention to **Environmental Social and Governance topics** and has voluntarily issued sustainability reports since 2019, in accordance with the **GRI** (Global Reporting Initiative) **standards**. The commitment involves all the three key ESG aspects: the company is equipped with photovoltaic panels and offsets its CO₂ emissions (**E**), takes care of its employees with tailored welfare solutions and by adopting a flexible work model approach (**S**), and boasts a legality rating with the maximum score, along with a solid governance framework (**G**).

Chart 1 – Growens, ESG Profile

<p>Environmental</p>	<ul style="list-style-type: none"> ❑ Milan building certified NZEB – Nearly Zero Energy Building and LEED GOLD ❑ Traditional solar plant and one smart flower capable of producing up to 60,000 kWh and 6,000 kWh/year, respectively ❑ <u>Growers at Growens project</u>: communal garden on the terraces of Cremona offices launched in 2023 in collaboration with Noocity ❑ <u>Treedom Project</u>: each year Growens collaborates with e-commerce platforms like Treedom in order to mitigate its environmental footprint through the planting of new forests <ul style="list-style-type: none"> ✓ In 2022, the CO₂ emissions produced by the server capacities for the traffic on the websites of the group's BUs were entirely compensated by the trees planted in the 'Growens forest' ✓ '<u>One Tree, One Customer</u>' initiative aims to plant a tree for each new customer who subscribes to the group's services.
<p>Social</p>	<ul style="list-style-type: none"> ❑ Growens provides information on the composition of its workforce ❑ <u>Welfare Programme</u>: Growens provides its employees with tailored and innovative welfare solutions ❑ <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 ❑ <u>Growens' Way of Working (WoW)</u>: the company adopted a policy that formalises the permanent adoption of a flexible work model ❑ <u>Corporate Whistleblowing Procedure</u> revised in 2023 ❑ <u>Caqliari Innovation Lab</u>: an R&D center with the aim of creating cutting-edge digital products and technological experimentation
<p>Governance</p>	<ul style="list-style-type: none"> ❑ Voluntary publication of Sustainability Reports since 2019 ❑ Growens was included among 'the most climate-friendly companies in 2024' list, an initiative organised by Statista and Corriere della Sera ❑ <u>Legality Rating</u> assigned by the AGCM, the Italian Competition Authority, with the maximum score of '3 stars' ❑ Organisational Model pursuant to Legislative Decree no. 231/2001 monitored by an independent supervisory board since 2015 ❑ Code of Ethics and Code of Business Conduct ❑ List voting: 5% ❑ 5 members in the BoD, 2 Independent Directors, 2 women

Source: CFO SIM analysis on company data



Q1-24 Results

Growens reported Q1-24 results characterised by broadly stable revenues as a result of growing sales concerning Beefree and decreased turnover of Agile Telecom, on the back of the strategic decision to focus on profitability instead of sales growth. Gross margin rose YoY, confirming the increasing profitability of the group's products and services mix, whilst EBITDA was impacted by higher S&M and R&D expenses aimed at boosting Beefree's development.

Q1-24 results do not include the recently acquired Really Good Emails, Inc. (RGE), a US-based company which owns a website and software offering a wide array of email templates, and seems to be a natural extension of Beefree.

Table 1 – Growens, Q1-24 results

€ m	Q1-24	Q1-23	% YoY
SaaS Revenues	2.8	2.4	17.3
CPaaS Revenues	13.9	14.8	(6.7)
Other Revenues	0.3	0.1	n.m.
Total revenues	16.9	17.3	(2.4)
Gross Profit	3.2	2.9	9.0
% margin	18.9	17.0	
EBITDA	(0.7)	(0.1)	n.m.
% margin	(3.9)	(0.7)	
EBIT	(1.1)	(1.0)	(14.8)
% margin	(6.7)	(5.7)	
NFP debt/(cash) *	(36.3)	(42.1)	13.7

Sources: Company data *compared to FY-23 NFP

Total revenues were € 16.9m, slightly lower compared to € 17.3m in Q1-23.

The SaaS division (i.e. the activity related to Beefree, based on SaaS subscriptions, thus recurring) **totalled € 2.8m (17% of total), growing by 17.3% YoY** (up by ca. 19% at constant USD/EUR FX). As of the end of March 2024, **Beefree's ARR were \$ 13.1m, up by 23% YoY.**

The CPaaS division (i.e. Agile Telecom) **declined by 6.7% YoY to € 13.9m (vs € 14.8m in Q1-23)**, as a result of the strategic decision to focus on increasing profitability instead of sales growth.

Foreign revenues accounted for 81% of the total, reaching € 13.5m, substantially on par with Q1-23. Among the new clients there are Moët Hennessy (LVMH Group), Lush, Drexel University, Cedarville University, EA Collective, Rakuten and Delinian.

Gross profit increased by 9.0% YoY to € 3.2m, 18.9% margin (€ 2.9m, 17.0% margin in Q1-23), **while EBITDA was € 0.7m negative** (€ 0.1m negative in Q1-23), mainly due to the acceleration of the investments in S&M (+49% YoY) and R&D (+25% YoY, of which +24% as opex) aimed at boosting Beefree's development.

Concerning Agile Telecom's profitability, the decrease was mainly related to increased intercompany costs and slowed-down activity of a relevant customer.

Net Financial Position was € 36.3m cash compared to € 42.1m cash at year-end 2023, mainly because of 1) a temporary increase in NWC due to some advance payments to certain suppliers of Agile Telecom to obtain more convenient purchase prices, 2) capex for Beefree's development and 3) a few significant payments incurred in 2024 but inherent to FY-23.

By excluding the figurative debt stemming from the application of the IFRS-16 accounting principle (€ 1.2m) and the € 4.6m deposited in an escrow account in accordance with the sale agreement with TeamSystem, the NFP was € 42.2m cash (vs € 48.0m cash at year-end 2023).

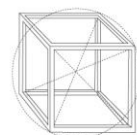


Table 2 – Growens, Q1-24 revenues breakdown by business unit

€ m	Q1-24	Q1-23	% YoY
Agile Telecom	13.9	14.8	(6.7)
Beefree	2.8	2.4	17.3
Holding	3.2	2.6	21.8
Consol. Adj.	(2.9)	(2.5)	(16.6)
Total revenues	16.9	17.3	(2.4)
EBITDA Agile Telecom	0.1	0.5	(84.1)
EBITDA Beefree	(0.7)	0.2	n.m.
EBITDA Holding	(0.0)	(0.0)	(73.7)
Consol. Adj.	0.1	(0.8)	n.m.
Total EBITDA	(0.6)	(0.1)	n.m.
EBITDA % Agile Telecom	0.6	3.5	
EBITDA % Beefree	(25.2)	8.6	
EBITDA % Holding	(1.4)	(1.0)	

Sources: Company data

Table 3 – Growens, SaaS division's KPIs

KPIs - SaaS	Beefree (USD)	Date
ARR	\$ 13.1m	Mar-24
ARR growth	+23.0%	Mar-24
Gross margin	75.0%	Q1-24
EBITDA margin	n.m.	Q1-24
Net Revenue Retention	98%	Mar-24

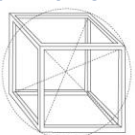
Sources: Company data

Acquisition of Really Good Emails, Inc.

In mid-April, **Growens announced the acquisition of the US-based Really Good Emails, Inc. (RGE)** through its subsidiary BEE Content Design, Inc., **for \$ 600k coupled with a maximum earn-out of \$ 6m** (max. \$ 3m of which can be paid in GROW's shares subject to a lock-up period) upon reaching certain 2024-26 profitability targets based on Beefree's ARR generated by new customers gained via RGE's website. The deal envisages that **Mike Nelson and Matt Helbig, co-founders of RGE, will take on operating roles at Beefree, namely Head of Growth and Senior Email Marketing Manager, respectively**, as well as their potential inclusion in Beefree's incentive plans.

RGE owns a website and software offering a wide array of email templates, which allow users to gather inspiration for campaign designs. In particular, the **over 15,000 email templates** are divided into various categories (such as marketing emails, welcome emails, order confirmation emails, and so on). **In 2023, RGE's revenues were \$ 250k**, thus, considering a neutral NFP, **the price paid corresponds to 2.4x EV/Sales** (excl. the earn-out). Furthermore, RGE led campaigns for several large global brands and has a **community composed of over 220,000 subscribers** to its newsletter and hundreds of participants in the event "Unspam", which attracts experts and enthusiasts of email design from around the world.

Growens expects **significant synergies stemming from the integration of RGE into Beefree**, as RGE seems to be a natural extension of Beefree because it allows to close the gap between finding inspiration and creating valuable content. In particular, RGE with its vast catalogue of email templates can attract a wider audience for Beefree, including those who are not experts in design or content creation. In addition, **Management expects that the integration of RGE and the implementation of generative AI-related innovation will allow Beefree to reach operating break-even in 2025 and cash break-even in 2026**, together with double-digit top-line growth and EBITDA in line with the best market standards.



Beefree's guidance 2024-26

Following the integration of RGE, Growens decided to disclose a guidance 2024-26 concerning Beefree. The guidance envisages the following KPIs:

- ✓ Revenue CAGR 2023-26 in excess of 35%;
- ✓ Gross margin 2026 in excess of 75%;
- ✓ Headcount CAGR 2023-26 over 5%, especially concerning Customer Experience, Marketing, Sales, and R&D departments;
- ✓ EBITDA 2025 at break-even and EBITDA at full capacity in excess of 15%;
- ✓ Cumulated capex in the 2024-26 period of \$ 15m (as already announced);
- ✓ Negative Cash-Flow of \$ 8-10m in 2024-25 and break-even in 2026;
- ✓ ARR 2024 between \$ 15-18m;
- ✓ ARR 2026 between \$ 30-35m.

Moreover, **concerning the M&A activity Growens maintains an opportunistic approach**, scouting companies of different sizes and operating in all geographies, but with a clear **focus on companies that can accelerate Beefree's growth path** by taking advantage of synergies in terms of technology, people and go-to-market strategy.

Estimates, Valuation & Risks

Q1-24 results showed a good performance of Beefree in terms of sales growth, concerning both reported revenues and ARR, coupled with an increased gross margin, confirming the growing profitability of the group's products and services mix. As expected, EBITDA was impacted by the increased S&M and R&D expenses aimed at boosting Beefree's development.

Following the Q1-24 results release, the acquisition of Really Good Emails, Inc. and the announcement of the 2024-26 guidance concerning Beefree, **we have updated our model** by almost aligning our projections to the company's targets.

Table 4 – Growens, 2024e new/old estimates

€ m	New	Old	% Diff.	€ m Diff.
Total Revenues	76.2	76.0	0.3	0.2
EBITDA	(0.3)	(0.3)	2.8	0.0
% margin	(0.4)	(0.4)		
EBIT	(3.5)	(3.3)	(5.2)	(0.2)
% margin	(4.6)	(4.4)		
Net Profit	(2.3)	(2.2)	(5.0)	(0.1)
% margin	(3.0)	(2.9)		
Y/E net debt / (net cash)	(17.0)	(18.5)	7.9	1.5

Source: CFO SIM

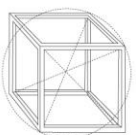


Table 5 – Growens, 2025e new/old estimates

€ m	New	Old	% Diff.	€ m Diff.
Total Revenues	81.5	80.6	1.2	0.9
EBITDA	1.5	0.8	96.9	0.8
% margin	1.9	1.0		
EBIT	(1.6)	(2.2)	27.4	0.6
% margin	(1.9)	(2.7)		
Net Profit	(1.1)	(1.5)	25.8	0.4
% margin	(1.3)	(1.8)		
Y/E net debt / (net cash)	(13.8)	(14.9)	7.3	1.1

Source: CFO SIM

Table 6 – Growens, 2026e new/old estimates

€ m	New	Old	% Diff.	€ m Diff.
Total Revenues	88.5	86.4	2.5	2.1
EBITDA	2.7	1.9	39.6	0.8
% margin	3.1	2.2		
EBIT	(0.4)	(1.0)	60.0	0.6
% margin	(0.5)	(1.2)		
Net Profit	(0.3)	(0.7)	53.2	0.4
% margin	(0.4)	(0.8)		
Y/E net debt / (net cash)	(11.5)	(12.1)	4.9	0.6

Source: CFO SIM

We have also updated the SOTP valuation, resulting in a **new PT of € 6.60/s (€ 6.40)**. We remind you that our forecasts include the distribution of the entire extraordinary dividend of € 1.58 per share, whilst the current share price reflects only the detachment of the first instalment of the extraordinary dividend (i.e. € 0.79/s). We confirmed our **Neutral recommendation on the stock**.

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 BUs. The equity value is then obtained by adjusting the company's net debt, pension provisions, minorities assessment and perpetuity of holding costs.

We have segmented the comparable companies into 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.

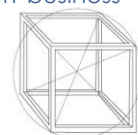
In order to evaluate the Beefree business unit, we considered the following companies:

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).

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.

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

Table 7 – Growens, peer group summary table

€ m	Country	Mkt Cap	Sales FY1	EBITDA FY1	EBITDA %	Sales CAGR ₂₃₋₂₆	EBITDA CAGR ₂₃₋₂₆	EBIT CAGR ₂₃₋₂₆	EPS CAGR ₂₃₋₂₆	NFP /EBITDA
	UK	346	92	28	30.3%	10.7%	9.7%	10.8%	7.7%	n.m.
	USA	28,269	2,379	470	19.8%	19.9%	n.m.	n.m.	n.m.	n.m.
	Italy	36	26	7	25.0%	19.7%	32.0%	58.3%	160.7%	1.9
	SaaS Marketing median	346	92	28	25.0%	19.7%	20.9%	34.6%	84.2%	1.9
	Netherlands	195	275	17	6.3%	7.9%	n.m.	n.m.	n.m.	4.8
	Norway	533	598	58	9.7%	7.4%	8.2%	17.7%	130.6%	1.7
	Sweden	1,561	2,549	319	12.5%	3.5%	7.2%	29.5%	234.3%	1.8
	USA	9,553	4,044	762	18.9%	7.5%	n.m.	n.m.	n.m.	n.m.
	Mobile Messaging median	1,047	1,574	188	11.1%	7.5%	7.7%	23.6%	182.5%	1.8
	Italy	109	76	(0)	n.m.	5.7%	n.m.	n.m.	n.m.	n.m.

Sources: CFO SIM, Refinitiv Eikon

Table 8 – Growens, peer group EV multiple table

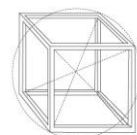
x	Sales FY1	Sales FY2	Sales FY3	EBITDA FY1	EBITDA FY2	EBITDA FY3
dotDigital Group PLC	3.62	3.27	3.00	11.9	10.7	9.6
HubSpot Inc	11.53	9.61	7.88	58.3	46.7	33.6
Neosperience SpA	1.88	1.55	1.22	7.5	5.6	4.2
SaaS Marketing median	3.62	3.27	3.00	11.9	10.7	9.6
CM.com NV	1.01	0.91	0.78	16.1	11.3	8.4
Link Mobility Group Holding ASA	1.06	0.81	0.45	10.9	8.0	4.3
Sinch AB (publ)	0.83	0.72	0.63	6.7	5.5	4.6
Twilio Inc	1.91	1.63	1.54	10.1	8.3	7.8
Mobile Messaging median	1.03	0.86	0.70	10.5	8.1	6.2
Growens SpA	1.21	1.17	1.10	n.m.	n.m.	36.1
% Prem./disc.) to SaaS Marketing	(66.5)	(64.2)	(63.1)	n.a.	n.a.	n.m.
% Prem./disc.) to Mobile Messaging	17.2	36.0	57.1	n.a.	n.a.	n.m.

Sources: CFO SIM, Refinitiv Eikon

Table 9 – Growens, peer group EV & price multiple table

x	EBIT FY1	EBIT FY2	EBIT FY3	PER FY1	PER FY2	PER FY3
dotDigital Group PLC	18.3	16.2	14.5	21.9	20.4	18.9
HubSpot Inc	69.0	54.4	40.6	76.8	63.8	48.8
Neosperience SpA	28.2	12.7	7.8	60.3	18.1	10.5
SaaS Marketing median	28.2	16.2	14.5	60.3	20.4	18.9
CM.com NV	n.m.	40.8	30.5	n.m.	n.m.	45.6
Link Mobility Group Holding ASA	22.0	14.4	7.2	16.6	13.9	12.7
Sinch AB (publ)	18.4	14.9	10.0	47.8	17.1	11.1
Twilio Inc	13.4	10.7	10.1	19.3	17.2	14.9
Mobile Messaging median	18.4	14.6	10.1	19.3	17.1	13.8
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.

Sources: 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 have applied a **10% 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 2024-25-26e figures, 50-25-25% weighted. As a result, **we attained an equity value of € 6.60/s (€ 6.40), fairly aligned with current price levels.**

Table 10 – Growens, Sum of the Parts equity value assessment – FY1 (2024e)

	€ m	% on EV	Methodology
Beefree BU	44.0	65.4	3.3x peer multiple on € 13.5m BU Sales 2024e
Agile Telecom BU	23.3	34.6	9.5x peer multiple on € 2.5m BU EBITDA 2024e
Total EV	67.3	100.0	
Holding costs	(2.9)		Perpetuity of holding costs @ 7%
NFP	17.0		FY-24e Net Financial Position
Pension Provision	(1.1)		Pension last reported - FY-23
Equity Value	80.4		
# m shares (excl. treasury shares)		12.7	
Per share	6.30		
% upside/(downside)		-11.3%	

Source: CFO SIM, Refinitiv Eikon

Table 11 – Growens, Sum of the Parts equity value assessment – FY2 (2025e)

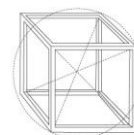
	€ m	% on EV	Methodology
Beefree BU	53.8	74.7	2.9x peer multiple on € 18.3m BU Sales 2025e
Agile Telecom BU	18.3	25.3	7.3x peer multiple on € 2.5m BU EBITDA 2025e
Total EV	72.1	100.0	
Holding costs	(2.2)		Perpetuity of holding costs @ 7%
NFP	13.8		FY-25e Net Financial Position
Pension Provision	(1.1)		Pension last reported - FY-23
Equity Value	82.6		
# m shares (excl. treasury shares)		12.7	
Per share	6.50		
% upside/(downside)		-8.5%	

Source: CFO SIM, Refinitiv Eikon

Table 12 – Growens, Sum of the Parts equity value assessment – FY3 (2026e)

	€ m	% on EV	Methodology
Beefree BU	66.5	82.5	2.7x peer multiple on € 24.7m BU Sales 2025e
Agile Telecom BU	14.1	17.5	5.6x peer multiple on € 2.5m BU EBITDA 2025e
Total EV	80.6	100.0	
Holding costs	(2.1)		Perpetuity of holding costs @ 7%
NFP	11.5		FY-26e Net Financial Position
Pension Provision	(1.1)		Pension last reported - FY-23
Equity Value	88.8		
# m shares (excl. treasury shares)		12.7	
Per share	7.00		
% upside/(downside)		-1.4%	

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**, +269.8% since the IPO. The stock reached a 1Y intraday maximum price of € 7.66/s on 07-May-24 and a minimum price of € 4.50/s on 28-Feb-24.

Table 13 – Growens, peer group and index absolute performance

%	1D	1W	1M	3M	6M	YTD	1Y
dotDigital Group PLC	0.0	7.2	3.5	2.5	10.6	(1.8)	6.9
HubSpot Inc	1.8	(0.4)	(9.9)	(7.5)	39.4	3.0	29.6
Neosperience SpA	(2.5)	(4.1)	(16.0)	(1.7)	0.6	(3.6)	(1.4)
SaaS Marketing median	0.0	(0.4)	(9.9)	(1.7)	10.6	(1.8)	6.9
CM.com NV	2.9	2.3	(6.9)	(14.9)	(18.8)	(23.0)	(21.8)
Link Mobility Group Holding ASA	1.5	4.7	7.7	20.8	36.8	14.8	82.9
Sinch AB (publ)	(1.4)	(15.4)	(17.9)	(20.6)	(11.1)	(42.4)	(6.2)
Twilio Inc	1.0	(2.9)	(1.2)	(16.1)	2.1	(20.8)	26.6
Mobile Messaging median	1.2	(0.3)	(4.1)	(15.5)	(4.5)	(21.9)	10.2
Growens SpA	(0.8)	0.1	19.9	49.5	21.8	48.3	41.4
MSCI World Index	0.3	1.7	2.1	4.2	17.9	7.9	21.5
EUROSTOXX	0.6	3.1	2.9	8.0	19.2	10.6	14.9
FTSE Italia All Share	0.8	2.9	2.6	10.8	21.2	13.5	26.1
FTSE Italia STAR	0.6	2.3	3.4	4.1	13.4	1.2	0.6
FTSE Italia Growth	0.2	0.5	2.0	2.1	8.5	(0.6)	(9.2)

Source: Refinitiv Eikon

Table 14 – Growens relative performances

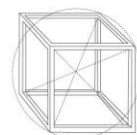
%	1D	1W	1M	3M	6M	YTD	1Y
To SaaS Marketing median	(0.8)	0.5	29.8	51.1	11.2	50.1	34.5
To peer Mobile Messaging median	(2.1)	0.4	24.0	64.9	26.3	70.2	31.2
To MSCI World Index	(1.1)	(1.6)	17.9	45.2	3.9	40.4	19.9
To EUROSTOXX	(1.5)	(2.9)	17.0	41.4	2.5	37.8	26.5
To FTSE Italia All Share	(1.6)	(2.7)	17.3	38.7	0.6	34.8	15.3
To FTSE Italia STAR	(1.5)	(2.2)	16.5	45.4	8.4	47.2	40.9
To FTSE Italia Growth	(1.0)	(0.3)	17.9	47.3	13.3	48.9	50.7

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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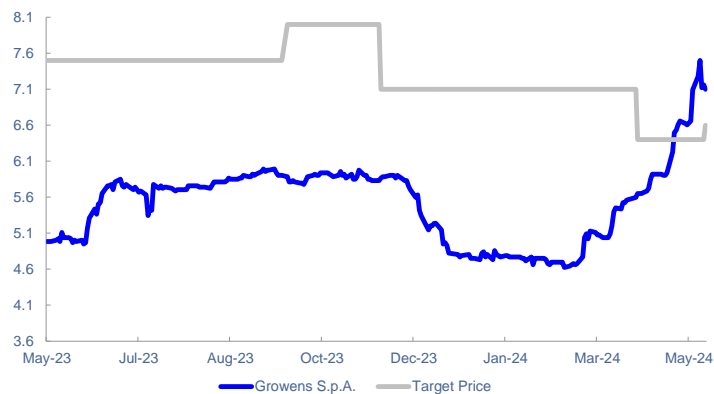
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DATE	TARGET PRICE	RATING
13/05/2024	€6.60	NEUTRAL
03/04/2024	€6.40	NEUTRAL
15/11/2023	€7.10	NEUTRAL
25/09/2023	€8.00	NEUTRAL
10/05/2023	€7.50	BUY

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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.

