

Italy – Marketing Technology

A game-changing year, massive value moved to shareholders

3rd April 2024

FY-23 RESULTS RELEASE

RIC: GROWE.MI
BBG: GROW IM

FY-23 was a transformational year for Growens, with the sale of the historical ESP business and the disposal of Datatrics. These deals allowed the group to focus on accelerating Beefree's growth and to generate significant return to shareholders, via the partial tender offer on treasury shares in 2023 (€ 18m) and the distribution of an extraordinary dividend in 2024 (€ 20m). The residual cash will be invested in selected M&A deals.

Rating:

Neutral

Price Target:

€ 6.40 (€ 7.10)

Upside/(Downside): 2.9%

Last Price: € 6.22

Market Cap.: € 95.5m

1Y High/Low: € 6.68 / € 5.00

Avg. Daily Turn. (3M, 6M): € 78k, € 134k

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	11.1%	16.5%	4.7%
Rel.to FTSE IT Growth	12.4%	19.5%	18.6%
Rel.to Peers median	10.4%	26.9%	13.6%

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Estimates updated: new SOTP-based PT of € 6.40/s (€ 7.10). Neutral confirmed

Growens reported FY-23 results bang in line with our estimates concerning the top line whilst margins came in lower than expected as a result of higher expenses in S&M and R&D in order to boost Beefree's development. On the other hand, with regard to Agile Telecom the focus was on improving the profitability. Furthermore, Growens decided to distribute part of the value realised by the disposals of the ESP business and Datatrics to its shareholders by 1) buying back about € 18m of treasury shares at € 6.80/s and 2) distributing an extraordinary dividend of € 1.58/s (€ 20m). We have updated our model by factoring in 1) the lower growth rates concerning Agile Telecom with profitability in line with 2023, 2) higher costs of S&M and R&D at Beefree and 3) the payment of the extraordinary dividend. The combined result is an average 8.8% decline in revenues coupled with an average 59.0% decrease in net cash, in 2024-25. Concerning EBITDA, we projected the breakeven point to be reached in 2025. We have also updated the SOTP valuation, resulting in a new PT of € 6.40/s (€ 7.10). The downgrade is almost entirely ascribable to the distribution of the extraordinary dividend in 2024 rather than the estimates revision. Neutral.

Beefree continued to grow while Agile Telecom focused on increasing margins

Total revenues were € 75.1m, down by 2.5% YoY. Beefree rose by 15.4% YoY to € 10.3m (+18% to \$ 11.1m net of USD/EUR FX effect) thanks to the increased sales volumes. As of the end of 2023, ARR were € 11.5m, up by 14.6% YoY (\$ 12.6m, +16.9% YoY), with a net revenue retention of 93.4%. Beefree's EBITDA was negative for € 1.3m as a result of the increasing investments in S&M and R&D aimed at boosting Beefree's development. Agile Telecom totalled € 63.5m, down by 6.1% YoY because of the strategic decision to focus on profitability instead of sales growth. In fact, Agile Telecom's EBITDA grew by 32.0% YoY to € 3.0m, 4.7% margin, compared to € 2.3m, 3.3% margin in 2022.

EBITDA turned negative because of the huge investments in R&D and S&M

Gross profit rose by 18.6% to € 14.8m (19.7% margin) compared to € 12.5m (16.2% margin) in 2022. The increase was driven by a better profitability of the contracts concerning Agile Telecom. EBITDA was negative at € 0.6m compared to the positive EBITDA of € 1.4m in 2022. The decrease was due to higher S&M (+56% YoY) and R&D (+14% YoY) costs for the development of Beefree. Net Profit including discontinued operations was € 53.0m, positively affected by the sale of the ESP business. Considering the continuing operations only, Net Loss reached € 3.1m, compared to a Net Loss of € 1.1m in 2022.

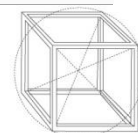
Significant cash-in from the disposals partly redistributed to shareholders

Net cash was € 42.1m, after the disposals of the ESP business and Datatrics, for an overall cash-in of ca. € 78m, partially employed to buy back about € 18m of treasury shares in Nov-Dec 2023 through a voluntary partial tender offer. Furthermore, the BoD will propose to the next AGM the distribution of an extraordinary dividend of € 1.58/s (€ 20m, 30.7% yield).

Growens, key financials and ratios

€ m	2022*	2023	2024e	2025e	2026e
Total Revenues	77.0	75.1	76.0	80.6	86.4
EBITDA	1.4	(0.6)	(0.3)	0.8	1.9
EBIT	(1.4)	(3.7)	(3.3)	(2.2)	(1.0)
Adj. Net profit	(1.5)	(3.1)	(2.2)	(1.5)	(0.7)
NFP (cash)/debt	(0.1)	(42.1)	(18.5)	(14.9)	(12.1)
EBITDA margin	1.9%	-0.7%	-0.4%	1.0%	2.2%
EBIT margin	-1.8%	-4.9%	-4.4%	-2.7%	-1.2%
EPS €	(0.10)	(0.20)	(0.14)	(0.09)	(0.05)
EPS growth	42.5%	n.m.	29.5%	33.6%	50.0%
Free Cash Flow Yield	0.0%	6.2%	-3.7%	-3.7%	-3.0%
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	1.01	1.00	0.97
EV/EBITDA x	49.4	n.m.	n.m.	n.m.	42.9
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

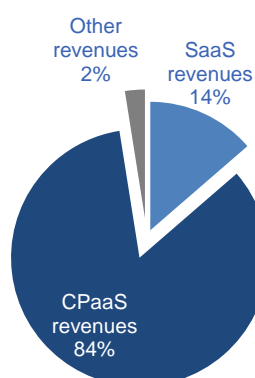


The company at a glance

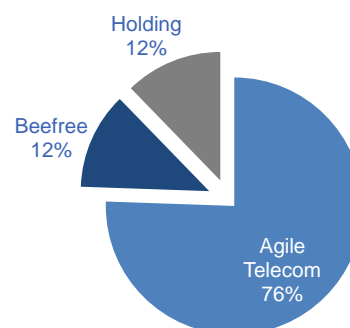
Founded in Cremona (Italy) in 2002 as an email service provider (i.e. the original business MailUp), Growens is now a leading international player in the Global Cloud Marketing Technologies market, one of the fastest growing industries worldwide. Its SaaS and CPaaS solutions allow SMEs and large corporations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

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

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

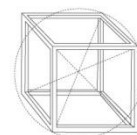
%	1D	1W	1M	3M	6M	YTD
dotDigital Group PLC	1.2	1.8	(8.6)	(10.4)	16.0	(12.0)
HubSpot Inc	(4.2)	(3.2)	0.7	11.3	30.9	5.1
Neosperience SpA	1.4	(3.5)	(11.0)	(1.1)	2.3	(0.3)
SaaS Marketing median	1.2	(3.2)	(8.6)	(1.1)	16.0	(0.3)
CM.com NV	2.9	9.2	1.4	(18.4)	(22.5)	(17.8)
Link Mobility Group Holding	(2.0)	6.4	16.6	11.9	55.3	6.7
Sinch AB (publ)	(7.5)	2.1	0.2	(27.9)	28.5	(33.8)
Twilio Inc	(2.5)	(2.2)	7.5	(14.4)	8.3	(19.7)
Mobile Messaging median	(2.3)	4.2	4.4	(16.4)	18.4	(18.8)
Growens SpA	0.6	2.6	11.1	16.5	(3.4)	16.9

Source: Refinitiv Eikon

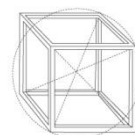
Peer group multiples table

Price & EV multiples x	SALES FY1	SALES FY2	EBITDA FY1	EBITDA FY2	EBIT FY1	EBIT FY2	PER FY1	PER FY2
dotDigital Group PLC	3.22	2.92	10.6	9.5	16.6	14.5	19.5	18.2
HubSpot Inc	11.58	9.63	61.9	48.4	73.4	56.9	82.7	67.4
Neosperience SpA	1.95	1.54	6.9	5.3	29.3	15.7	41.2	21.1
SaaS Marketing median	3.22	2.92	10.6	9.5	29.3	15.7	41.2	21.1
CM.com NV	1.00	0.89	17.0	11.9	n.m.	40.9	n.m.	n.m.
Link Mobility Group Holding ASA	0.97	0.72	10.0	7.2	25.6	15.1	17.0	15.3
Sinch AB (publ)	0.90	0.79	7.2	6.1	18.3	16.6	50.9	22.3
Twilio Inc	2.02	1.72	10.6	8.7	15.0	11.7	22.7	18.9
Mobile Messaging median	0.98	0.84	10.3	8.0	18.3	15.8	22.7	18.9
Growens SpA	1.01	1.00	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	76.0	80.6	86.4
COGS	(64.5)	(60.2)	(60.4)	(63.6)	(68.2)
Gross Profit	12.5	14.8	15.6	16.9	18.1
Sales & Marketing	(2.8)	(4.4)	(5.7)	(6.0)	(6.0)
Research & Development	(2.1)	(1.9)	(1.9)	(1.9)	(1.9)
General costs	(6.1)	(9.0)	(8.3)	(8.3)	(8.3)
EBITDA	1.4	(0.6)	(0.3)	0.8	1.9
D&A	(2.8)	(3.1)	(3.0)	(3.0)	(3.0)
EBIT	(1.4)	(3.7)	(3.3)	(2.2)	(1.0)
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	(3.5)	(2.3)	(1.2)
Income taxes	0.6	(0.4)	1.3	0.9	0.4
Minorities	(0.0)	(0.1)	0.0	0.0	0.0
Net Profit	(2.6)	53.0	(2.2)	(1.5)	(0.7)
Adjusted Net Profit	(1.5)	(3.1)	(2.2)	(1.5)	(0.7)
Balance sheet (€ m)	2022*	2023	2024e	2025e	2026e
Net Working Capital	1.8	(4.0)	(4.6)	(4.7)	(4.9)
Net Fixed Assets	31.8	15.5	17.5	19.5	21.5
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	3.2
Net Invested Capital	17.0	14.7	16.0	18.1	20.2
Net Financial Position	(0.1)	(42.1)	(18.5)	(14.9)	(12.1)
Minorities	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)
Group's Shareholders Equity	17.1	56.9	34.6	33.2	32.5
Financial Liabilities & Equity	17.0	14.7	16.0	18.1	20.2
Cash Flow statement (€ m)	2022*	2023	2024e	2025e	2026e
Total net income	-	53.1	(2.2)	(1.5)	(0.7)
Depreciation	-	3.1	3.0	3.0	3.0
Other non-cash charges	-	(67.8)	(0.0)	(0.2)	(0.2)
Cash Flow from Oper. (CFO)	-	(11.5)	0.8	1.3	2.0
Change in NWC	-	5.8	0.7	0.1	0.2
FCF from Operations (FCFO)	-	(5.7)	1.4	1.4	2.2
Net Investments (CFI)	-	65.1	(5.0)	(5.0)	(5.0)
Free CF to the Firm (FCFF)	-	59.4	(3.6)	(3.6)	(2.8)
CF from financials (CFF)	-	(26.0)	(20.0)	0.0	0.0
Free Cash Flow to Equity (FCFE)	-	33.3	(23.6)	(3.6)	(2.8)
Financial ratios	2022*	2023	2024e	2025e	2026e
EBITDA margin	1.9%	-0.7%	-0.4%	1.0%	2.2%
EBIT margin	-1.8%	-4.9%	-4.4%	-2.7%	-1.2%
Adj. Net profit margin	-2.0%	-4.1%	-2.9%	-1.8%	-0.8%
Tax rate	18.0%	n.m.	n.m.	n.m.	n.m.
Op NWC/Sales	2.4%	-5.3%	-6.1%	-5.9%	-5.6%
Interest coverage x	(0.19)	0.28	(0.04)	(0.06)	(0.13)
Net Debt/EBITDA x	(0.05)	n.m.	n.m.	(18.99)	(6.22)
Debt-to-Equity x	(0.00)	(0.74)	(0.53)	(0.45)	(0.37)
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	(0.14)	(0.09)	(0.05)
EPS adjusted FD €	(0.10)	(0.20)	(0.14)	(0.09)	(0.05)
EBITDA €	0.09	(0.04)	(0.02)	0.05	0.13
EBIT €	(0.09)	(0.24)	(0.22)	(0.14)	(0.07)
BV €	1.11	3.69	2.24	2.15	2.10
FCFO €	0.01	(0.37)	0.09	0.09	0.14
FCFF €	0.01	3.86	(0.23)	(0.23)	(0.18)
FCFE €	0.01	2.17	(1.53)	(0.23)	(0.18)
Dividend €	0.00	1.58	0.00	0.00	0.00



Growens in a nutshell

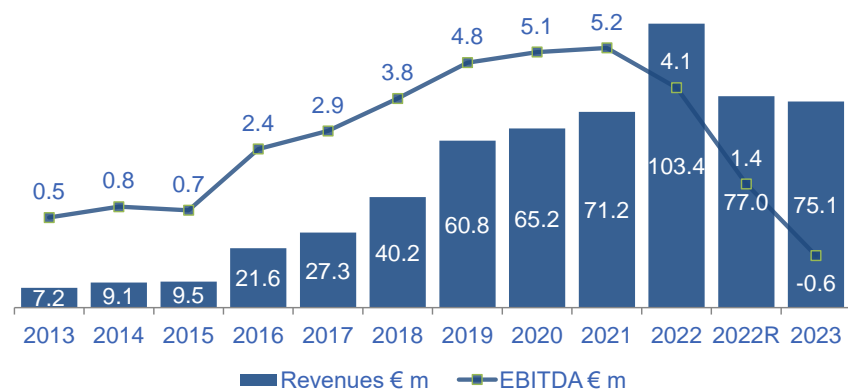
Founded in Cremona (Italy) in 2002 as an email service provider (i.e. the original business MailUp), Growens is now **a leading international player in the Global Cloud Marketing Technologies market**, one of the fastest growing industries worldwide. Its SaaS and CPaaS solutions allow SMEs and large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

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

In July 2023, Growens finalised the sale of its entire Email Service Provider business to TeamSystem for € 76.7m. The transaction's scope comprised the MailUp business unit, as well as 100% of Contactlab SpA, Acumbamail SL, MailUp Nordics A/S and Globase International ApS. Furthermore, **in October 2023, Growens sold Datatrics** to Squeezely BV for € 1.6m.

We believe that Growens definitely signed a **game-changing deal**, significantly valuing the historic business of the group. The substantial cash-in stemming from the sale of the Email Service Provider business will be geared towards 1) the **acceleration of the development of Beefree**, the group's fastest-growing business unit, 2) **seizing potentially-accretive M&A deals** aimed at enriching Beefree's offer. In addition, Growens generated a **significant return for stakeholders** by **buying back € 18m of treasury shares at € 6.80/s** in the last months of 2023, and will distribute an **extraordinary dividend of € 20m, corresponding to € 1.58/s**, in 2024.

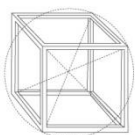
Chart 1 – Growens, 2013-23 top line and EBITDA evolution



Source: CFO SIM elaboration on company data

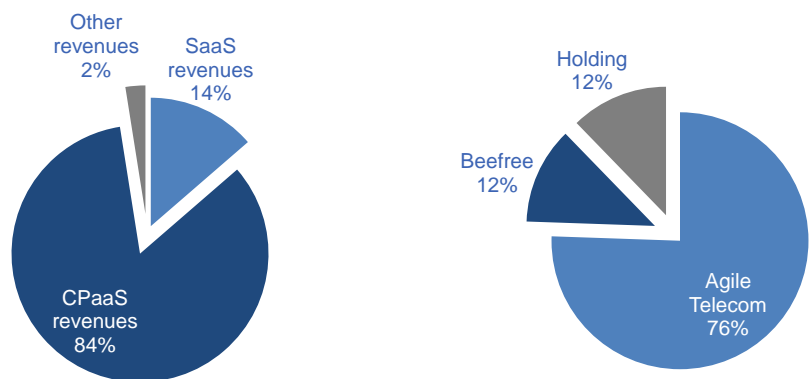
2022R was restated to treat the ESP business and Datatrics as discontinued operations

- The **SaaS (Software-as-a-Service) division** is characterised by subscription-based services supplied to customers via cloud platforms. In 2023, the SaaS division totalled € 10.2m in sales (13.6% of the total). It includes the Beefree business unit:
 - ✓ **Beefree**, with its operating team based in Silicon Valley and its technological team based in Italy, is becoming the world's leading standard for **email and landing page creation**. The company is focused on the development and marketing of the Beefree tool, an innovative no-code drag-n-drop email and landing page editor. Beefree has 90+ employees, over 9,000 customers, 50% of which in North America, and about 1 million free users.

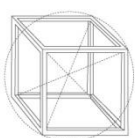


- **The CPaaS (Communication-Platform-as-a-Service) division** includes the Agile Telecom business unit, which provides messaging services on a wholesale basis using APIs. In 2022, the CPaaS division totalled € 62.9m in sales (83.9% of the total).
 - ✓ **Agile Telecom** is a B2B SMS factory, leader in 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). Agile Telecom has 17 employees and **serves** over 375 wholesale customers. It is worth remembering that, Agile Telecom was acquired in 2015 for € 8m, corresponding to 1x EV/Sales, and has always been profitable.

Chart 2 – Growens, 2023 top line breakdown by business division and business unit



Source: CFO SIM elaboration on company data



SWOT Analysis

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

Strengths: characteristics of the business that give it an advantage over others.

Weaknesses: characteristics that place the business at a disadvantage vs. others.

Opportunities: elements that the project could use to its advantage.

Threats: elements in the environment that could cause trouble or be detrimental for the business or project.

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

S.W.O.T. ANALYSIS

STRENGTHS

- ❑ **Leading European player** in cloud marketing technologies
- ❑ Beefree is a leading **no-code drag-n-drop email and landing page editor**
- ❑ **Strong R&D investment** to develop new features of Beefree
- ❑ **Low client concentration**

WEAKNESSES

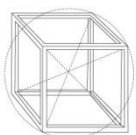
- ❑ Turnover highly dependent on **SMS (non-recurring)** revenues
- ❑ **Price pressure and low margins in the SMS business**
- ❑ Few key relevant people represent a **vital asset** for the company

OPPORTUNITIES

- ❑ **Consolidation opportunities** in a highly fragmented reference market
- ❑ Properly use of the huge cash-in stemming from the recent disposals to boost **Beefree's growth**
- ❑ **Huge total addressable market** for Beefree: 4 billion people designing content worldwide

THREATS

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



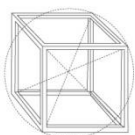
ESG Profile

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 3 – Growens, ESG Profile

<p>E Environmental</p>	<ul style="list-style-type: none"> ❑ Milan building certified NZEB – Nearly Zero Energy Building and LEED GOLD ❑ Traditional solar plant and two smart flowers capable of producing up to 45,000 kWh and 12,000 kWh/year, respectively ❑ <u>Treedom Project</u>: each year Growens collaborates with the e-commerce platform 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>S 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> ❑ <u>Cagliari Innovation Lab</u>: an R&D center with the aim of creating cutting-edge digital products and technological experimentation
<p>G Governance</p>	<ul style="list-style-type: none"> ❑ Voluntary publication of Sustainability Reports since 2019 ❑ Growens was included among the '2021 Sustainability Leaders' list, an initiative organised by Statista and Il Sole 24ore ❑ <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



FY-23 Results

Growens reported FY-23 results bang in line with our estimates concerning the top line whilst margins came in lower than expected as a result of higher expenses in Sales & Marketing and R&D in order to boost the Beefree's development. On the other hand, with regard to Agile Telecom the focus was on improving the profitability.

FY-23 figures were edited to treat the Email Service Provider business (i.e. MailUp, Contactlab, and Acumbamail) and Datatrics as discontinued operations in accordance with the IFRS-5 accounting principle, thus excluding them from the consolidated financial statements and restating also FY-22 figures.

Table 1 – Growens, FY-23 results

€ m	2023	2022	% YoY	2023e	% diff
SaaS Revenues	10.2	8.8	16.2	11.1	(7.8)
CPaaS Revenues	62.9	67.3	(6.4)	62.8	0.3
Other Revenues	1.9	0.9	n.m.	1.1	66.9
Total revenues	75.1	77.0	(2.5)	75.0	0.1
COGS	(60.2)	(64.5)		(58.5)	
Gross Profit	14.8	12.5	18.6	16.5	(10.2)
% margin	19.7	16.2		22.0	
Sales & Marketing	(4.4)	(2.8)		(7.5)	
Research & Development	(1.9)	(2.1)		(3.4)	
General costs	(9.0)	(6.1)		(4.6)	
EBITDA	(0.6)	1.4	n.m.	1.0	n.m.
% margin	(0.7)	1.9		1.3	
D&A	(3.1)	(2.8)		(3.5)	
EBIT	(3.7)	(1.4)	n.m.	(2.5)	(45.4)
% margin	(4.9)	(1.8)		(3.4)	
Financials	1.0	(0.3)		(0.3)	
Pre-Tax profit	(2.7)	(1.6)	(65.6)	(2.8)	5.6
% margin	(3.5)	(2.1)		(3.8)	
Income taxes	(0.4)	0.6		1.0	
Tax rate	n.m.	n.m.		n.m.	
Minorities	(0.1)	(0.0)		-	
Net Profit	(3.1)	(1.1)	n.m.	(1.8)	n.m.
% margin	(4.1)	(1.4)		(2.4)	
Net result from disc. operations	56.1	(1.5)		57.3	
Net Profit (incl. disc. operations)	53.0	(2.6)	n.m.	55.5	(4.5)
% margin	70.6	(3.4)		74.0	
NFP debt/(cash)	(42.1)	(0.1)		(44.4)	5.2

Sources: Company data, CFO SIM estimates

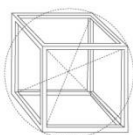
Total revenues were € 75.1m, down by 2.5% YoY, and bang in line with our estimate of € 75.0m. In particular, **the SaaS division soared by 16.2% to € 10.2m**, slightly lower compared to our forecast of € 11.1m. **The CPaaS division declined by 6.4% to € 62.9m**, perfectly aligned with our projection.

Foreign revenues accounted for 80% of the total, growing by 3% YoY, and **recurring revenues rose by 20% YoY, representing 14% of total turnover**.

Gross profit rose by 18.6% to € 14.8m (19.7% margin) compared to € 12.5m (16.2% margin) in 2022. The increase was driven by a better profitability of the contracts concerning Agile Telecom.

EBITDA was negative at € 0.6m compared to the positive EBITDA of € 1.4m in 2022. The decrease was due to higher Sales & Marketing (+56% YoY) and Research & Development (+14% YoY) costs for accelerating the development of Beefree.

Net Profit including discontinued operations was € 53.0m, positively affected by the sale of the ESP business. **Considering the continuing operations only, net loss reached € 3.1m**, compared to a net loss of € 1.1m in 2022.



Net Financial Position was € 42.1m cash because of the sale of the ESP business and Datatrics for an overall cash-in of € 78.3m. The NFP does not include € 4.6m deposited in an escrow account in accordance with the sale agreement with TeamSystem. As a consequence, NFP adjusted for the aforementioned cash deposited in an escrow account, and the figurative debt stemming from the IFRS16 was € 48.0m cash.

It is worth remembering that **in November and December 2023 Growens purchased around € 18.0m of treasury shares at € 6.80/s through a voluntary partial tender offer.**

Table 2 – Growens, FY-23 revenues breakdown by business unit

€ m	2023	2022	% YoY	2023e	% diff
Agile Telecom	63.5	67.6	(6.1)	63.9	(0.6)
Beefree	10.3	8.9	15.4	11.1	(7.7)
Holding	10.3	7.7	34.3	-	n.m.
Consol. Adj.	(9.0)	(7.2)	(25.4)	-	n.m.
Total revenues	75.1	77.0	(2.5)	75.0	0.1
EBITDA Agile Telecom	3.0	2.3	32.0	2.9	3.6
EBITDA Beefree	(1.3)	0.2	n.m.	(1.8)	27.6
EBITDA Holding	(2.4)	(1.2)	n.m.	(0.3)	n.m.
IFRS16 Impact	0.1	0.2	(19.8)	0.2	(16.3)
Total EBITDA	(0.6)	1.4	n.m.	1.0	n.m.
EBITDA % Agile Telecom	4.7	3.3		4.5	
EBITDA % Beefree	(12.5)	2.3		(16.0)	
EBITDA % Holding	(23.1)	(15.4)		n.m.	

Sources: Company data, CFO SIM estimates

Looking at the FY-23 results in terms of business units:

- **Beefree rose by 15.4% YoY to € 10.3m (+18% to \$ 11.1m net of USD/EUR FX effect)** thanks to increased sales volumes. As of the end of 2023, **ARR were € 11.5m, up by 14.6% YoY** (\$ 12.6m, +16.9% YoY), with a net revenue retention of 93.4%. Beefree's EBITDA was negative for € 1.3m as a result of the increased investments in S&M and R&D aimed at boosting Beefree's development.

In 2023, the group continued to develop new incremental and disruptive features, including new connectors with third-party systems and AI-based functions.

Table 3 – Growens, SaaS division's KPIs

KPIs - SaaS	Beefree (EUR)	Beefree (USD)	Date
ARR	€ 11.5m	\$ 12.6m	Dec-23
ARR growth	+14.6%	+16.9%	Dec-23
Gross margin	78.0%	78.0%	FY-23
EBITDA margin	-12.5%	-12.5%	FY-23
Net Revenue Retention	93.4%	93.4%	Dec-23

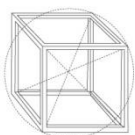
Sources: Company data

- **Agile Telecom totalled € 63.5m, down by 6.1% YoY** because of the **strategic decision to focus on profitability** instead of sales growth. In fact, **Agile Telecom's EBITDA grew by 32.0% YoY to € 3.0m, 4.7% margin**, compared to € 2.3m, 3.3% margin in 2022.

Table 4 – Growens, CPaaS division's KPIs

KPIs - CPaaS	Value	Date
Revenues	€ 63.5m	FY-23
EBITDA	€ 3.0m (4.7% margin)	FY-23
# Sent Messages	2.39bn	FY-23

Sources: Company data



Estimates, Valuation & Risks

FY-23 was a transformational year for Growens, with the sale of the historical Email Service Provider business completed in July and the disposal of Datatrics in October. These deals allowed the group to **focus on accelerating Beefree's growth** by investing a part of the fresh resources collected into research & development and sales & marketing to enrich Beefree's offer and increase its brand awareness. **We remind that Growens plans to invest at least € 15m in the next three years (2024-26) to sustain the group's organic growth.**

Furthermore, **Growens decided to distribute a part of the value realised by the aforementioned disposals** to its shareholders by 1) buying back about € 18m of treasury shares at € 6.80/s in Nov-Dec 2023 and 2) distributing an extraordinary dividend of € 20m (€ 1.58/s) in two tranches, namely in May and September 2024.

As a consequence, **we have updated our model** by factoring in 1) lower growth rates concerning Agile Telecom with profitability in line with 2023, 2) higher costs of S&M and R&D for Beefree and 3) the payment of the extraordinary dividend. The combined result is an **average 8.8% decline in revenues coupled with an average 59.0% decrease in net cash, in 2024-25**. Concerning EBITDA, **we projected the breakeven point to be reached in 2025**. We have also introduced projections for 2026.

Table 5 – Growens, 2024e new/old estimates

€ m	New	Old	% Diff.	€ m Diff.
Total Revenues	76.0	81.9	(7.2)	(5.9)
EBITDA	(0.3)	1.8	n.m.	(2.2)
% margin	(0.4)	2.3		
EBIT	(3.3)	(2.0)	(69.9)	(1.4)
% margin	(4.4)	(2.4)		
Net Profit	(2.2)	(1.4)	(54.4)	(0.8)
% margin	(2.9)	(1.7)		
Y/E net debt / (net cash)	(18.5)	(41.8)	55.7	23.3

Source: CFO SIM

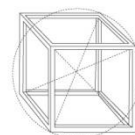
Table 6 – Growens, 2025e new/old estimates

€ m	New	Old	% Diff.	€ m Diff.
Total Revenues	80.6	89.9	(10.4)	(9.3)
EBITDA	0.8	2.2	(64.5)	(1.4)
% margin	1.0	2.5		
EBIT	(2.2)	(1.6)	(38.6)	(0.6)
% margin	(2.7)	(1.7)		
Net Profit	(1.5)	(1.2)	(24.5)	(0.3)
% margin	(1.8)	(1.3)		
Y/E net debt / (net cash)	(14.9)	(39.5)	62.2	24.5

Source: CFO SIM

We have also updated the SOTP valuation, resulting in a **new PT of € 6.40/s (€ 7.10), 2.9% upside** to current prices. **The downgrade is almost entirely ascribable to the distribution of the extraordinary dividend of € 20.0m** in 2024 rather than the estimates revision. As a result, we confirmed our **Neutral recommendation on the stock**.

Concerning M&A, **on the buy-side, management is currently in a scouting phase**, looking for companies able to enrich Beefree's offer, in terms of product, technology and people. On the **sell side, at the right valuation and to the right player, Growens will evaluate the disposal of Agile Telecom**, as it is no longer strategic and synergic within the group. Nevertheless, Agile Telecom is currently a good cash-cow thanks to its profitability and high cash-flow generation, which is employed to further develop Beefree.



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.

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.

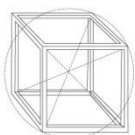


Table 7 – Growens, peer group summary table

€ 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
dotDigital Group PLC	UK	311	92	28	30.5%	10.6%	9.6%	10.3%	8.0%	n.m.
HubSpot Inc	USA	28,705	2,386	446	18.7%	19.6%	n.m.	n.m.	n.m.	n.m.
Neosperience SpA	Italy	38	26	7	28.4%	22.4%	21.6%	53.4%	58.6%	1.8
SaaS Marketing median		311	92	28	28.4%	19.6%	15.6%	31.9%	33.3%	1.8
CM.com NV	Netherlands	208	290	17	5.9%	6.1%	n.m.	n.m.	n.m.	4.8
Link Mobility Group Holding ASA	Norway	488	608	59	9.7%	9.2%	17.6%	97.9%	n.m.	1.7
Sinch AB (publ)	Sweden	1,803	2,638	331	12.5%	5.1%	10.2%	33.0%	244.6%	1.8
Twilio Inc	USA	10,295	4,019	768	19.1%	8.3%	n.m.	n.m.	n.m.	n.m.
Mobile Messaging median		1,146	1,623	195	11.1%	7.2%	13.9%	65.5%	244.6%	1.8
Growens SpA	Italy	96	76	(0)	n.m.	4.8%	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	3.22	2.92	2.68	10.6	9.5	8.6
HubSpot Inc	11.58	9.63	7.90	61.9	48.4	34.1
Neosperience SpA	1.95	1.54	1.08	6.9	5.3	3.6
SaaS Marketing median	3.22	2.92	2.68	10.6	9.5	8.6
CM.com NV	1.00	0.89	0.85	17.0	11.9	8.9
Link Mobility Group Holding ASA	0.97	0.72	0.35	10.0	7.2	3.4
Sinch AB (publ)	0.90	0.79	0.69	7.2	6.1	5.1
Twilio Inc	2.02	1.72	1.57	10.6	8.7	8.8
Mobile Messaging median	0.98	0.84	0.77	10.3	8.0	7.0
Growens SpA	1.01	1.00	0.97	n.m.	n.m.	42.9
% Prem./disc.) to SaaS Marketing	(68.5)	(65.7)	(63.9)	n.a.	n.a.	n.m.
% Prem./disc.) to Mobile Messaging	3.2	19.2	25.5	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	16.6	14.5	13.1	19.5	18.2	16.9
HubSpot Inc	73.4	56.9	41.8	82.7	67.4	50.8
Neosperience SpA	29.3	15.7	7.6	41.2	21.1	10.7
SaaS Marketing median	29.3	15.7	13.1	41.2	21.1	16.9
CM.com NV	n.m.	40.9	30.3	n.m.	n.m.	51.5
Link Mobility Group Holding ASA	25.6	15.1	6.4	17.0	15.3	13.6
Sinch AB (publ)	18.3	16.6	12.7	50.9	22.3	11.6
Twilio Inc	15.0	11.7	11.1	22.7	18.9	16.1
Mobile Messaging median	18.3	15.8	11.9	22.7	18.9	14.8
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 € 6.40/s (€ 7.10), fairly aligned with current price levels.**

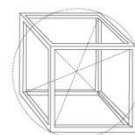


Table 10 – Growens, Sum of the Parts equity value assessment – FY1 (2024e)

	€ m	% on EV	Methodology
Beefree BU	38.7	57.5	2.9x peer multiple on € 13.3m BU Sales 2024e
Agile Telecom BU	28.6	42.5	9.3x peer multiple on € 3.1m BU EBITDA 2024e
Total EV	67.2	100.0	
Holding costs	(2.8)		Perpetuity of holding costs @ 7.2%
NFP	18.5		FY-24e Net Financial Position
Pension Provision	(1.1)		Pension last reported - FY-23
Equity Value	81.8		
# m shares (excl. treasury shares)	12.7		
Per share	6.50		
% upside/(downside)	4.5%		

Source: CFO SIM, Refinitiv Eikon

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

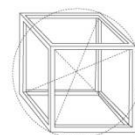
	€ m	% on EV	Methodology
Beefree BU	45.5	67.1	2.6x peer multiple on € 17.3m BU Sales 2025e
Agile Telecom BU	22.3	32.9	7.2x peer multiple on € 3.1m BU EBITDA 2025e
Total EV	67.8	100.0	
Holding costs	(2.8)		Perpetuity of holding costs @ 7.2%
NFP	14.9		FY-25e Net Financial Position
Pension Provision	(1.1)		Pension last reported - FY-23
Equity Value	78.9		
# m shares (excl. treasury shares)	12.7		
Per share	6.20		
% upside/(downside)	-0.3%		

Source: CFO SIM, Refinitiv Eikon

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

	€ m	% on EV	Methodology
Beefree BU	54.2	73.4	2.4x peer multiple on € 22.5m BU Sales 2025e
Agile Telecom BU	19.7	26.6	6.3x peer multiple on € 3.1m BU EBITDA 2025e
Total EV	73.9	100.0	
Holding costs	(2.8)		Perpetuity of holding costs @ 7.2%
NFP	12.1		FY-26e Net Financial Position
Pension Provision	(1.1)		Pension last reported - FY-23
Equity Value	82.1		
# m shares (excl. treasury shares)	12.7		
Per share	6.50		
% upside/(downside)	4.5%		

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**, +224.0% since the IPO. The stock reached a 1Y intraday maximum price of € 6.68/s on 12-Sep-23 and a minimum price of € 5.00/s on 28-Feb-24.

Table 13 – Growens, peer group and index absolute performance

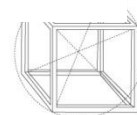
%	1D	1W	1M	3M	6M	YTD	1Y
dotDigital Group PLC	1.2	1.8	(8.6)	(10.4)	16.0	(12.0)	(8.9)
HubSpot Inc	(4.2)	(3.2)	0.7	11.3	30.9	5.1	45.2
Neosperience SpA	1.4	(3.5)	(11.0)	(1.1)	2.3	(0.3)	(11.9)
SaaS Marketing median	1.2	(3.2)	(8.6)	(1.1)	16.0	(0.3)	(8.9)
CM.com NV	2.9	9.2	1.4	(18.4)	(22.5)	(17.8)	(20.0)
Link Mobility Group Holding ASA	(2.0)	6.4	16.6	11.9	55.3	6.7	134.3
Sinch AB (publ)	(7.5)	2.1	0.2	(27.9)	28.5	(33.8)	(8.9)
Twilio Inc	(2.5)	(2.2)	7.5	(14.4)	8.3	(19.7)	(5.2)
Mobile Messaging median	(2.3)	4.2	4.4	(16.4)	18.4	(18.8)	(7.1)
Growens SpA	0.6	2.6	11.1	16.5	(3.4)	16.9	4.7
MSCI World Index	(0.6)	(0.3)	2.0	8.2	21.6	7.4	21.4
EUROSTOXX	(0.8)	(0.4)	3.2	8.9	19.7	8.9	13.1
FTSE Italia All Share	(1.2)	(0.1)	3.5	11.9	24.5	12.4	24.2
FTSE Italia STAR	(1.6)	0.8	3.8	0.8	14.8	(0.3)	(3.0)
FTSE Italia Growth	(0.3)	0.1	(1.3)	(3.0)	(1.0)	(2.6)	(13.9)

Source: Refinitiv Eikon

Table 14 – Growens relative performances

%	1D	1W	1M	3M	6M	YTD	1Y
To SaaS Marketing median	(0.5)	5.8	19.7	17.6	(19.4)	17.2	13.6
To peer Mobile Messaging median	2.9	(1.6)	6.6	32.9	(21.8)	35.7	11.8
To MSCI World Index	1.3	3.0	9.1	8.3	(25.0)	9.5	(16.7)
To EUROSTOXX	1.4	3.1	7.9	7.5	(23.1)	8.1	(8.4)
To FTSE Italia All Share	1.9	2.7	7.5	4.6	(27.9)	4.5	(19.5)
To FTSE Italia STAR	2.2	1.9	7.3	15.7	(18.2)	17.2	7.7
To FTSE Italia Growth	0.9	2.5	12.4	19.5	(2.4)	19.5	18.6

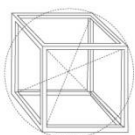
Source: Refinitiv Eikon



Risks

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

- Fast technological developments increasing competitive pressure;
- Risks due to ICT malfunctions;
- Profit margin dilution stemming from the acquisition campaign;
- Impacts on the profit and loss and balance sheet profiles triggered by a sharp decline in 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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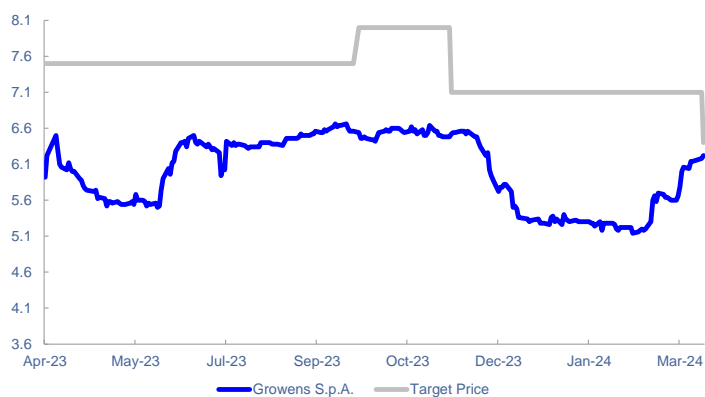
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DATE	TARGET PRICE	RATING
03/04/2024	€6.40	NEUTRAL
15/11/2023	€7.10	NEUTRAL
25/09/2023	€8.00	NEUTRAL
10/05/2023	€7.50	BUY
03/04/2023	€7.50	BUY

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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.

