

## Due Diligence and Valuation Report

Arrowhead code:	75-03-04
Coverage initiated:	04-Jun-2021
This document:	13-Dec-2021
Fair value bracket (per share):	€8.39 to €10.25
Share Price (10 Dec):	€4.97

### Analyst Team

Aditya Ahluwalia <a href="mailto:aditya.ahluwalia@arrowheadbid.com">aditya.ahluwalia@arrowheadbid.com</a>	Aman Sabherwal <a href="mailto:aman.sabherwal@arrowheadbid.com">aman.sabherwal@arrowheadbid.com</a>
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### Market Data

52-Week Range:	€3.81 - €5.48
52-Week Average Daily Volume:	10.23k
Market Cap. on date:	€77.9 million

### Financial Forecast (in €) (FY Ending – Dec)

€	'21P	'22P	'23P	'24P	'25P
NI (mn)	1.52	3.99	5.81	7.93	11.08
EPS	0.10	0.27	0.39	0.53	0.74

### Company Overview

Growens S.p.A. ("Growens" or "the Group", previously MailUp S.p.A.) is a Milan, Italy based vertically integrated Cloud Marketing Technologies ("MarTech") sector player. The Group offers a wide range of solutions, focusing on messaging, as well as data-driven and omni-channel marketing automation.

The Group has 5 key business units – MailUp, Agile Telecom ("Agile"), BEEfree.io, Datatrics and Acumbamail, and generates revenue from email, SMS, predictive marketing, and do-it-yourself ("DIY") content design products. SMS revenue contributed 50% to 70% of the Group's total revenue in the last five years, and Agile Telecom generated most of it.

### Key Highlights

1. Growens has followed an inorganic growth strategy with an aim of becoming a one-stop-shop for technology-driven marketing solutions. The Group has made five acquisitions since 2015 to bring more products and services under its umbrella. It is currently assessing several acquisition opportunities and is in advanced discussions with two companies, one of which it expects to close by Q1'22.
2. Agile Telecom is the Group's largest business with 80+ direct connections with mobile carriers worldwide. It sends close to two billion SMSs each year, including almost half of all marketing and transactional messages in Italy. Agile's growth is



Company:	Growens S.p.A.
Ticker:	BIT.GROW
Headquarters:	Milan, Italy
CEO:	Nazzareno Gorni
Website:	<a href="http://www.growens.io">www.growens.io</a>

likely to plateau over the next few years with SMSs losing popularity. Growens is, therefore, focusing on Agile's margin improvements now.

3. BEE has achieved 37.4% YoY sales growth (46.2% at constant EUR / USD exchange rate) in the first nine months of 2021, and is likely to be Growens' principal growth driver going forward, with significant growth expected in the coming years. The Group believes that BEE is a self-financing business that can grow rapidly without significant external capital.
4. Growens has hired most of the 60+ employees (23% of the 2020 employee count) it planned to hire in the current financial year. Most of the hirings (including topline management) have been for Customer Success and Sales & Marketing roles at BEE and Datatrics teams, as the Group looks to scale these businesses.

### Key Risks

We believe that Growens has a medium risk profile. The Group has a stable revenue generator in Agile and potential high-growth businesses in BEE and Datatrics. However, these businesses are positively correlated to economic sentiment and consumer spending. While both these economic parameters had started improving due to the easing Covid situation, the Group could face some headwinds in the coming weeks because of possible new movement restrictions in some parts of Europe due to the recent emergence of new Covid variants.

### Valuation & Assumptions

Based on its due diligence and valuation estimates, Arrowhead believes that **Growens' fair share value lies in the €8.39 to €10.25 bracket**, which has been calculated using a blended valuation method: with 50% weighting to a DCF method and 50% weighting to a Comparable Companies Valuation method. Our DCF model suggests a fair value of €8.79, while a relative valuation provides a fair value of €9.87.

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## Investment Thesis

Arrowhead is updating its equity research coverage of Growens S.p.A. ("Growens") with the following investment highlights:

### ***Agile's cashflow to continue funding the Group's growth even as its own growth plateaus***

Agile Telecom currently generates more than 60% of the Group's revenue. The company's growth has started flattening with clients moving to other modes of messaging. The company generated sales of €33.7 million in the first nine months of 2021 versus €31.4 million in the corresponding period in 2020, translating to a 7.1% YoY growth. This growth was primarily due to a recovery of SMS data traffic with the improving Covid situation and might accelerate over the next two to three quarters if the Covid impact continues to subside and there are no further lockdowns on account of the recent emergence of new Covid variants. However, we expect Agile's revenue growth to be considerably slower over the medium and long term and the Group does not plan to invest materially in Agile's top line growth in the next few years, focusing on margins instead.

Despite a diminishing growth potential, Agile is likely to continue being the top cash generator over the coming years and be the principal source of growth capital for the Group's other companies. Agile is working on its SS7 protocol technology with the expectation of increasing margins slightly. The company has already improved its margins slightly in Q3'21 due to these technological adjustments as well as better commercial arrangements with suppliers. It is working on some more technological adjustments with an aim of further margin improvements in the coming periods. The Group is also commencing experiments to determine the feasibility of licensing some of Agile's proprietary internal tools to other service providers using APIs. If these experiments produce favorable results, Growens will be able to add another revenue stream to Agile and its CPaaS business line.

In addition to financing other group companies' organic growth initiatives, Agile's revenues will also be critical to generate enough acquisition capital as the Group plans to continue growing aggressively through acquisitions and swiftly transitioning from a CPaaS-dominated business to a SaaS-dominated business.

### ***BEE to be the next star in Growens' portfolio***

While Growens has primarily grown through acquisitions, BEE is Growens' home-bred tech startup that is based in San Francisco, CA. BEE is a design platform that aims to help non-designers design high-impact marketing materials (such as landing pages, marketing emails, brochures, popups, restaurant menus etc.) with ease. It also has features that help professional designers improve the quality and efficiency of their output. The platform is a freemium offering that end users can access directly (BEE Free and BEE Pro) as well as through plugins (BEE Plugin) to some leading third-party software. The company generated sales of €3.9 million in the first three months of 2021 versus €2.8 million in the corresponding period in 2020, translating to a 37.4% YoY growth (46.2% at constant EUR / USD exchange rate). Growens expects BEE to become its flagship business going forward and continue growing significantly to become a €7 million to €10 million business in the next three to five years.

BEE primarily generates its revenues from individual subscription packages, most of which are bought by individual practitioners or companies for a few of their employees. Since these packages have a low price point, BEE is working on strategies that can help it promote sales of larger enterprise-wide packages. Pursuant to this approach, BEE is adapting its offerings to match corporate requirements as well as developing a sales and marketing structure that can increase corporate engagement.

## ***Developing new capabilities, features, and revenue streams through R&D push***

Growens has a well laid out R&D plan for the coming years that prioritizes the capabilities that the Group plans to invest in. These capabilities include Chat, Analytics, Content Collaboration, and Content Validation. The Group will also focus on rapidly growing BEE's library of pre-designed templates, as well as content and design elements, as it works towards becoming the global leader in democratizing content development – a \$41 billion industry that is expected to serve over 4.7 billion design users by 2023. The Group's R&D priorities also include identifying ways to increase Agile's contribution to CPaaS revenues by developing API-based offerings and identifying ways to expand Agile's margins by making technological adjustments and better leveraging its real-time, automatic testing capabilities.

## ***Focus on inorganic growth to continue***

Growens' immediate strategic focus is on scaling BEE and Datatrics massively over the coming years. In addition to building a strong marketing team for this, the Group is focusing on constantly expanding its library of templates and adding new design features. The Group also recently soft launched a free version of Datatrics to increase lead generation and conversion rate. In addition to these internal initiatives, the Group plans to continue focusing on acquiring new businesses that can complement the existing businesses. It has laid out its acquisition priorities for the coming years and is already assessing several acquisition opportunities. The Group is currently in advanced stage acquisition discussions with two companies. One of these is a 'large' company that the Group plans to acquire and merge with one of its existing businesses by the end of Q1'22. The second prospective target is a Spanish company that the Group expects to complete the acquisition of in 2022. The Group's acquisition priorities for the coming years include innovative businesses in the SaaS or Marketing Technology space that can expand the Group's product and service portfolio and email service providers such as MailUp to consolidate its current markets and enter new markets.

## Company Presentation

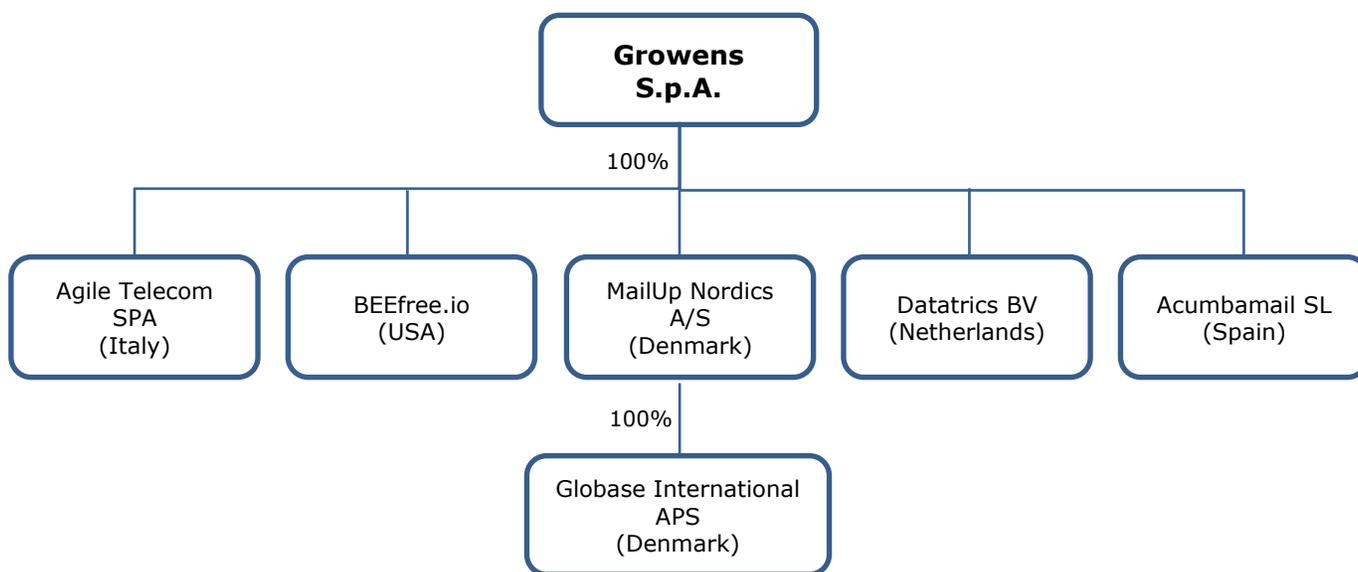
Growens S.p.A. (“Growens” or “the Group”, previously MailUp S.p.A.) is a vertically integrated Cloud Marketing Technologies (“MarTech”) business that owns a leading SMS technology company, Agile Telecom, along with four other businesses in the areas of Marketing Analytics, Content Design, and Multi-Channel Marketing Automation. The Group has expanded its scope of services and market presence through an aggressive inorganic strategy since its early days. It has acquired five companies since 2015 and is currently assessing several acquisition opportunities, including two companies in the Software-as-a-Service (“SaaS”) space with whom the Group is in advanced acquisition discussions. The Group expects to close the larger deal out of these two by Q1’22 and the second one later in 2022. Growens’ key acquisitions include Acumbamail (Spanish market and Latin America), Globase (Nordics market), Agile Telecom (SMS wholesale market) and Datatrics (artificial intelligence).

The Group currently focusses on the development and sale of:

1. Technologies for the mass sending of emails and mobile messaging, in particular through the SMS channel, for marketing and transaction purposes
2. Sophisticated email and newsletter editing tools
3. Innovative solutions in marketing technologies (Predictive Marketing)
4. Professional consulting services

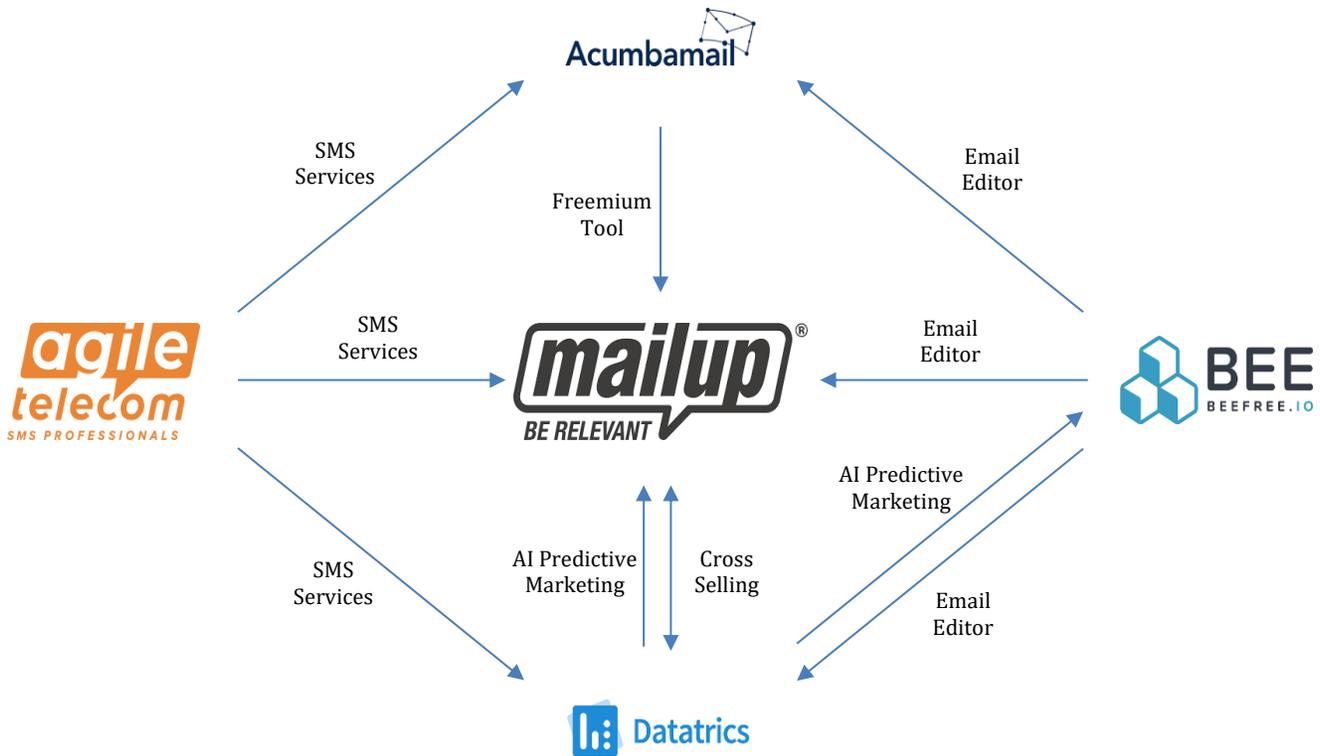
These focus areas strategically tie up with the SaaS multi-channel campaign management platform developed by the parent company Growens S.p.A., formerly MailUp S.p.A., under the brand MailUp (“MailUp”). This platform helps smoothly manage campaigns through email, newsletter, SMS, and messaging apps.

At a consolidated level, Growens provides services to over 26,000 customers across 115+ countries. It has a global presence with offices in three continents and a staff of over 260 employees. In 2014, the Group got admitted to trading on the Euronext Growth Milan (formerly AIM Italia market) operated by Borsa Italiana (Italian Stock Exchange) with the ticker MAIL and changed the ticker to GROW after changing the business name to Growens in 2021. Growens’ group structure is as follows:



**Business Description**

Growens has five business units – MailUp, Agile Telecom, Datatrics, BEEfree.io and Acumbamail.



Starting H1'21, the Group categorizes the revenues from these business units as SaaS and Communication-Platform-as-a-Service ("CPaaS") revenues. Agile Telecom's revenues are categorized as CPaaS revenues while all other business units' revenues are categorized as SaaS revenues.

**Agile Telecom SPA**

Agile is an SMS gateway that helps companies deliver Marketing and Transactional SMSs to users throughout Italy and Europe through its internally developed SS7 protocol technology (carrier-grade standard for voice and text).

Agile's Transactional Messages service comprises authentication messages such as one-time password ("OTP") that are necessary for the successful completion of digital payments and money transfers. Marketing Messages comprise 'drive-to-store' messages, primarily from restaurants and brick-and-mortar retail stores. These are essentially marketing messages advising potential customers of sales, special offers, new products etc.

Agile essentially acts as a wholesaler that acquires dispatch power or SMS credits from telecom companies and uses them to send SMSs on behalf of companies and other SMS aggregators. The delivery is entirely managed by the company's technology engine with limited human support. The choice of carrier for each

SMS campaign depends on credit balance, network strength etc. Unlike many of its competitors, Agile does not use external software developed by Oracle, CISCO etc.

Agile serves 300+ wholesale clients, sends approximately 1.9 billion SMSs per year, and contributes over 60% of Growens' total revenues. Almost equal parts of Agile's revenue come from Marketing and Transactional SMSs. However, most of its profit comes from Transactional Messages since these are high-price, high-margin time-sensitive messages. Marketing Messages, by contrast, are high-volume, low-margin offerings.

**Market Leader in Italy and Europe:** Agile is the industry leader in Italy and one of the largest SMS delivery service providers in Europe. Agile has 80+ direct connections with mobile carriers and partnerships with several SMS gateways and wholesalers for delivery services in Italy and Europe. It also provides SMS delivery services for the Group's MailUp and Acumbamail platforms.

Agile is headquartered in Carpi, Italy, and was acquired by Growens in 2015. It is authorized by the Ministry of Economic Development and Communication for offering a communication service (OLO – Other Licensed Operator) and is registered with the Register of Operators in Communication (ROC) held by the Italian Authority for Telecommunications Guarantees (AGCOM).

**Growth Plateauing:** Agile Telecom's revenue is plateauing since new messaging alternatives are replacing SMS. The company generated sales of €33.7 million in the first nine months of 2021 versus €31.4 million in the corresponding period in 2020, translating to a 7.1% YoY growth. This growth was primarily due to a recovery of SMS data traffic with the improving Covid situation in Italy and rest of Europe, and might accelerate over the next two to three quarters unless there are further lockdowns or severe restrictions to movement due to the recent emergence of new variants of Covid. However, we expect Agile's revenue growth to be considerably slower over the medium and long term and the Group does not plan to invest materially in Agile's top line growth in the next few years, focusing on margins instead. However, Agile is likely to continue being the Group's most important business in the medium term because it is by far the Group's highest revenue generator and a source of growth capital for other group companies, most of which are in early growth stages. Agile's revenue and profits will also be critical to continue financing the Group's aggressive inorganic growth plans and transition from an SMS-dominated business to a SaaS-dominated business.

**Further Monetization Possible:** Agile generates modest profit margins of close to 10% and the Group is working on expanding these marginally by improving the existing technology. Given the company's high SMS volumes, even slight improvements in margins can generate significant additional liquidity to finance acquisitions and the organic growth of other Group companies. Agile has recently implemented some of these technological adjustments and they have helped the company expand its Gross Margins marginally in Q3'21. The company's margins also improved in Q3'21 and the first nine months of 2021 due to better commercial terms with suppliers. The company is working on more technological adjustments that are likely to help it improve margins slightly further in the upcoming periods. These adjustments include a pilot the company is currently running to further leverage its automatic, real-time testing capabilities by linking them to its core technology engine. Agile is also considering adding a new revenue stream by licensing some of its internal tools through APIs. This revenue stream, if rolled out successfully, will contribute to Growens' CPaaS revenues. Growens also has the option of divesting Agile and using the cash flows for acquisitions and the development of other business. Although the Group can do this without materially impacting its other businesses, we feel the Group is unlikely to do this in the foreseeable future.

## **BEEfree.io**

Beefree.io is Growens' home-grown technology startup based in Silicon Valley, California. The company developed an email design editor named 'Best Email Editor' ("BEE") and has since developed BEE into a complete design application that is aimed at democratizing the creation of creative marketing materials such as landing pages, fliers, Christmas cards, and restaurant menus. Growens considers BEE as its most significant venture and its principal future growth driver. The Group believes that BEE is a self-financing business that can grow rapidly without significant external capital. BEE generated sales of €3.9 million in the first nine months of 2021 versus €2.8 million in the corresponding period in 2020, translating to a 37.4% YoY growth (46.2% at constant EUR / USD exchange rate). The company enjoys a Net Promoter Score ("NPS") of 56 and its Annual Recurring Revenues ("ARR") is USD 7.4 million as of September 2021. BEE launched new functionalities and signed several major clients in the first nine months of 2021. Although their impact partially reflects in the company's recent financial performance, it is likely to fully reflect in the company's financials in 2022 when the subscriptions generate major revenue gains.

BEE's portfolio comprises the following:

**BEE:** BEE is a freemium product that end users can access directly (BEE Free and BEE Pro) as well as through a SaaS plugin (BEE Plugin) to BEE's partner applications. The free version 'BEE Free' comprises a collection of templates that were pre-designed by BEE's designer community and currently has approximately one million users. The premium 'BEE Pro' offering has over 10,500 subscribers and is available in the form of individual and group plans that are priced at \$15 per months and upwards.

The company's SaaS plugin 'BEE Plugin' has a usage-based pricing model and is currently embedded by ca. 600 software developers. The company currently generates almost equal revenues from the application and the plugin. BEE's sharp revenue increase in the first nine months of 2021 can be largely attributed to its enhanced focus on sales to enterprises than to individuals and a price increase for BEE Plugin. Although the company serves several large enterprises, most of its enterprise sales are in the form of multiple subscriptions of BEE Pro. The company is modifying its commercial strategy for BEE by focusing more on sales of large five-figure enterprise-level subscriptions to companies rather than a bunch of two-figure BEE Pro subscriptions to be used individually by their employees. The company made its first large enterprise-level sale in Q3'21 and is realigning its sales and marketing apparatus to focus more on such sales. This exercise would include redesigning the company's marketing materials, hiring more enterprise salespeople, and tweaking its product offerings.

Growens invests approximately 10% of BEE's revenue in R&D to develop new templates and add more content types. We expect the Group to continue making significant investments in BEE to further develop it and align its offerings with the requirements of enterprise clients. We do not expect BEE to grow through business acquisitions in the near future since this would require external capital and Growens plans to grow BEE without raising external capital as of now.

As of November 2021, BEE had 50 employees, including 20 Sales & Marketing employees and 25 developers. The Sales & Marketing employees were based in Europe and the US, while the entire development team was in Italy. Almost 30% of the 60 employees Growens planned to hire in 2021 were to be hired for BEE and a majority of the hirings at BEE were to be for Sales & Marketing and Customer Success roles. Most of the planned hirings for BEE are now complete and the remaining are likely to be completed by the end of the year.

**MailUp Nordics A/S:** MailUp Nordics is a Growens sub-holding based in Denmark that controls 100% of Globase International APS, a Danish company that Growens acquired in 2015. Globase specializes in advanced digital marketing automation services for customers in the Nordics market. In March 2019, Globase completed the transition to the new V3 platform, directly derived from MailUp, which improved sending performance and efficiency in the delivery of messaging services. Therefore, as of April 2019, Globase is no longer separately represented as a product business unit, since it only carries out a commercial branch activity for the resale of MailUp and, as of May 2019, of Datatrics. Since March 2020, part of the Globase team has been collaborating with the BEEfree.io team in accounting activities for high-end BEE Pro customers.

## **Datatrics BV**

Datatrics is an artificial intelligence-based predictive marketing platform that helps marketing teams increase conversion rates and drive customer loyalty by improving customer experience. The platform operates on a proprietary self-learning algorithm that can analyze and provide insights using internal (e.g. CRM, emails, social networks, e-commerce, and web analytics) and external (e.g. demographics, weather, and traffic) data. The company currently enjoys a monthly average revenue per account of ("ARPA") of €715+ and has 95%+ recurring revenues.

**Expansion to Italy:** Growens acquired Datatrics in 2018 and it currently contributes very little to the Group's revenue (3.8% of revenue in the first nine months of 2021). The acquisition by Growens helped Datatrics expand its business into Italy and Latin America. Datatrics' revenue has suffered significantly (7.9% decline to €1.9 million in the first nine months of 2021 from €2.1 million the corresponding period in 2020) because of companies cutting their marketing budgets or going out of business due to the pandemic. However, the Group believes Datatrics losses have bottomed out and expects it to be its fastest growing business after BEE in the medium and long term because of the growing demand for marketing automation. Growens has taken significant steps to catalyze this growth since late 2020, including reorganizing and rebuilding the team in mid-2021 and taking steps to increase lead generation and prospect engagement. The company also made a soft launch of a free version of Datatrics in November 2021, to lower the entry point from customers from €300-€400 and generate more leads with a higher probability of conversion. The company plans to officially launch the free version after analyzing the results of the soft launch. The effects of some of these initiatives have started reflecting in the company's financials and we expect them to reflect fully starting 2022.

**Synergies and Shared Growth Opportunities for Other Companies:** The Datatrics platform enjoys strong synergies with other Growens companies because they help extend the traditional marketing automation capabilities with big data and AI-based personalization. It will be a critical asset in scaling the Group's business among mid-large businesses in targeted geographies such as Germany, the Nordics, rest of Europe, and South America thanks to the sizeable cross selling opportunities it opens up.

**Reorganization Due to Covid Impact:** Growens is working on an operational reorganization of Datatrics so that it can respond more efficiently to the post-Covid market environment. The reorganization is aimed at creating a leaner company with a higher skill level so that it can focus on unified client management. Pursuant to this reorganization, Datatrics migrated to Amazon Web Services ("AWS") towards the end of 2020. The company also transitioned towards a more scalable and self-provisioning model that better utilizes its partner network. The Company also strengthened its top management by hiring a Marketing Manager, a Head of Sales, and a Head of Customer Value Management. The reorganization started generating benefits in Q3'21.

## **Acumbamail SL**

Acumbamail is a marketing platform that allows users to create and run multi-channel marketing campaigns and track their relative performance in real-time. Its features include automatic resend and list clear, customizable templates, telephone support, Facebook audience, landing page editor, A/B testing, sending queue priority, email marketing advice, priority support, campaign previews, account manager, dedicated IP etc. In addition, the company provides prepaid SMS credit packs, a service that is delivered by the Group's Agile Telecom business unit.

The platform operates on a freemium model that is targeted at small- and mid-sized enterprises ("SMEs"). Acumbamail also has special packages that have been created for larger businesses. The platform sends close to 500 million emails in a year and currently has more than 55,000 users, most of whom are Spanish speaking. Over 3,000 of these users are paying users. The company enjoys a monthly ARPA of €40 and 90%+ recurring revenues.

Acumbamail currently contributes 2.9% of the Group's total revenue and has experienced 26.9% YoY growth to reach a revenue of approximately €1.5 million in the first nine months of 2021 from €1.1 million in the corresponding period in 2020. The Group expects Acumbamail to continue growing at close to 30% annually over the next few years and become a €5 million to €10 million business within three to five years. The Group has adopted a partnership-driven growth plan for Acumbamail, as it prepares to expand its market beyond Spain. Under this approach, the company is working on partnerships with technology platforms, such as Gmail, by introducing Acumbamail add-ins as well as embedding Acumbamail in hosting solutions.

## Corporate Strategy and Future Outlook

Growens has identified BEE and Datatrics as its primary growth drivers, at least for the next three to five years. The Group will focus on the following three areas to realize this growth:

1. Scaling up through a major Sales & Marketing and Customer Success push.
2. Developing new capabilities and features through an R&D push.
3. Continuing to diversify by acquiring businesses in adjacent areas.

Growens believes that its BEE and Datatrics platforms are now ready for a major marketing push so that they can quickly grow in the US, some markets in Europe, as well as other strategic markets. Aggressive hiring is the Group's immediate priority to achieve this growth. The Group planned to hire 60+ people in 2021 and has completed most of these hirings, with the highest number of hirings being in MailUp, BEE, and Datatrics. Consistent with this year's hiring plans, most of the hirings until now have been in areas of Sales & Marketing, Customer Success, and Customer Support. However, the Group has also filled key positions at the holding company level, including Alessandro Tarquini as Growens' Head of Business Controlling, Eugenio Colazzo as Growens' Cyber Security Manager, and Enrica Liparo as People & Culture Director. The Group expects to start experiencing the benefits of new hirings towards the end of 2021.

Agile Telecom currently has 16 employees and Growens does not plan to hire any new employees for Agile since it is no longer a fast-growing business. As a stable cash generator, its main role going forward will be that of a financier for the Group's emerging businesses. No major hiring is planned for MailUp either, because all its open positions were filled last year and Daniele Pelleri was hired as Marketing Director in July 2021.

The Group expects to invest mostly in the areas of Chat, Analytics, Content Creation, and Content Validation in the coming years as it expedites its transition towards a SaaS-dominated business from an SMS-dominated business. The Group's primary growth business BEE will mostly focus on rapidly growing its library of pre-designed templates, as well as content and design elements, as it works towards becoming the global leader in democratizing content development. This is a \$41 billion industry that is expected to serve over 4.7 billion design users by 2023. BEE will also look for more partnerships with software developers for BEE Plugin and enterprise-level contracts in place of individual BEE Pro subscriptions.

Datatrics is likely to focus mostly on adding new analytical capabilities as well as develop its marketing network so that it can reach out to more businesses. Growens also intends to develop Datatrics as the hub for all data management and analytics activity within the Group. In this way, Datatrics will grow into the important role of the entire group's knowledge support center. With Datatrics' reorganizing to become a leaner organization, we expect the company to expand its partner network and increase its partner engagement. Datatrics might also benefit from the formal launch of its free version, as this is likely to generate more leads with high conversion potential.

The Group is already assessing several acquisition candidates and is in advanced acquisition discussions with two companies, one of which it expects to merge with a group company as early as Q1'22. It plans to continue looking out for other synergistic businesses to acquire going forward. The Group's planned focus areas for acquisitions are:

1. Innovative businesses in the SaaS or Marketing Technology space that can expand the Group's product and service portfolio.
2. Email service providers such as MailUp to consolidate its current markets and enter new markets.

The Group has €10.2 million in cash and cash equivalents (as of 30 September 2021) and expects to generate sufficient revenue in the next three to five years to finance these acquisitions without the need to raise additional capital.

## **News**

### [Massimo Arrigoni Exercises Option to Subscribe to 250,000 BEE Content Design Shares](#)

*November 23, 2021*

Growens announced that Massimo Arrigoni, Chief Executive Officer of the subsidiary BEE Content Design Inc. (formerly MailUp Inc.) exercised the options to subscribe to 250,000 newly issued shares of BEE Content Design for a total consideration of USD 2,500. As a consequence, BEE Content Design has 5,250,000 outstanding shares. Mr. Arrigoni owns 4,76% of these, whereas Growens S.p.A. owns the rest.

### [Growens Enters "Growth Leaders 2022" Based on 2017-2020 Growth Rate](#)

*November 22, 2021*

Growens announced its entry into the "Growth Leaders 2022" ranking. The ranking, compiled by the Italian financial newspaper II Sole 24 Ore, in collaboration with Statista, comprises of 450 Italian companies with the highest average compound sales growth rate in the 2017-2020 period.

### [Growens Hires Enrica Lipari as People & Culture Director](#)

*September 23, 2021*

Growens announced the strengthening of the Group management with the onboarding of Enrica Lipari in the role of People & Culture Director. Enrica Lipari will report directly to Growens' Chairman & CFO Matteo Monfredini and will be tasked with the design and daily implementation of HR policies, with particular attention to recruiting, compensation & benefits, people development, engagement, and employer branding processes that are consistent with the Group's values and are functionally co-designed to fit in each Business Unit's specific framework.

### [Growens Reinforces its Management with Two New Hires](#)

*July 19, 2021*

Growens reinforced the Group's management with the onboarding of a new Head of Business Controlling (Alessandro Tarquini) and a Cyber Security Manager (Eugenio Colazzo). Growens also announced the strengthening of its MailUp business unit with the onboarding of a new Marketing Director (Daniele Pelleri).

### [Growens Publishes the 2020 Sustainability Report](#)

*May 04, 2021*

Growens announced the publication of the second edition of its Sustainability Report for 2020, which aims at transparent and consistent disclosure of values, strategies and performances directly linked to its economic, social and environmental ("ESG") impact to all Stakeholders. The Group was also included among the 2021 Sustainability Leaders, an initiative organized by Il Sole24 Ore and Statista with the aim of identifying companies in Italy that stand out for truly sustainability-oriented choices. In the selection process, Statista and Il Sole 24 Ore carried out research on a panel of 1,500 companies that published sustainability reports in recent years. Growens was included in the list of 150 virtuous companies in terms of sustainability issues.

## [Growens Announces Ticker Change on AIM Italia](#)

*May 03, 2021*

Growens announced that the Italian Stock Exchange issued provision to change the corporate ticker starting 3rd May 2021. The new exchange ticker for Growens' ordinary shares is GROW.

## [Datatrix Reinforces its Management Line with 3 New Hires](#)

*April 15, 2021*

Growens announced the strengthening of its Datatrix business unit with the addition of three new management roles in the Sales, Marketing and Customer Value Management areas.

## [Growens Enters the Financial Times "FT 1000" Ranking of the Fastest Growing European Companies](#)

*March 02, 2021*

Growens announced its second entry into the "FT 1000 Europe's Fastest Growing Companies 2021" ranking, compiled by the Financial Times and Statista.

## [BEE Among the 20 Most Innovative Companies of 2020](#)

*December 18, 2020*

Growens announced the entry of its BEE business unit, an email and content editing tool, into the "Top 20 Most Innovative Companies to Watch 2020" list compiled by Business Worldwide Magazine for its ability to make it easy to create great emails quickly, from an extensive range of vibrant, simple to use templates.

## [Growens Enters "Growth Leaders 2021" Based on 2016-2019 Growth Rate](#)

*November 25, 2020*

Growens announced its entry into the "Growth Leaders 2021" ranking. The ranking, compiled by the Italian financial newspaper II Sole 24 Ore, in collaboration with Statista, comprises of 400 Italian companies with the highest average compound sales growth rate in the 2016-2019 period.

## [Growens Wins Deloitte Technology FAST 500 EMEA for 2020](#)

*July 30, 2020*

Growens announced its entry in the "Deloitte Technology FAST 500 EMEA" ranking, an annual program led by Deloitte in three continents – North America, EMEA and Asia-Pacific. The ranking, amongst the most influential technology industry lists is based on 2015-2018 growth rates.

## [BEE Launches Page Builder](#)

*March 27, 2020*

Growens' BEE business unit, an email and content editing tool, announced the launch of Page Builder, a new addition to BEE's Plugin family.

## [Growens Wins Deloitte Technology FAST 500 EMEA for 2019](#)

*September 24, 2019*

Growens announced its second entry into the "FT 1000 Europe's Fastest Growing Companies 2021" ranking, compiled by the Financial Times and Statista.

## [Growens Enters the Financial Times "FT 1000" Ranking of the Fastest Growing European Companies](#)

*March 05, 2019*

Growens announced its first ever entry into the "FT 1000 Europe's Fastest Growing Companies 2021" ranking, compiled by the Financial Times and Statista.

## [Growens Closes Purchase of 100% of Datatrics](#)

*December 18, 2018*

Growens announced the final closing of Datatrics' acquisition. The BoD completed the relevant activities with respect to capital increase of €1.56 million (share premium included) based by BoD in Oct 2018 and paid via contribution in kind of 409 Datatrics shares, representing 40.94% of its share capital.

## [Growens Completes First Closing of Purchase of 100% of Datatrics](#)

*October 30, 2018*

Growens announced the first closing of acquisition of 100% of share capital of Datatrics. The transaction was closed by purchasing all 999 Datatrics shares from BMC Holdings for a total consideration of €3.8 million.

## [UBI Banca Publishes Initiation of Coverage Report on Growens](#)

*October 18, 2018*

Growens announced the publication of report by UBI Banca, a leading Italian bank. Growens and CFO SIM have agreed on corporate broking service including production and distribution of financial analysis, adding to the coverage already provided by Value Track and Fidentiis.

## [Growens Signs Binding Agreement for Purchase of 100% of Dutch-based Datatrics](#)

*September 19, 2018*

Growens announced the signing of a binding agreement for the acquisition of 100% of share capital of Dutch-based Datatrics, a company founded in 2012 with a state-of-the-art predictive marketing platform, thus entering the artificial intelligence space.

## [Growens Enters the SaaS 1000 Ranking](#)

*September 13, 2018*

Growens announced its entry into the "SaaS 1000", a global ranking of highest-growing SaaS companies that adopts a range of indicators including recruitment trends and team expansion rates.

## Listing Information

Growens S.p.A., headquartered in Milan, Italy, was admitted to trading on the Euronext Growth Milan (formerly AIM Italia ("Alternative Investment Market")) of the Italian Stock Exchange – (BIT:GROW) in 2014.

## Contacts

<b>Head office</b>	Via Pola 9, 2.124, Milan, Italy
<b>Telephone</b>	+39 02 81040485
<b>Email</b>	investor.relations@growens.io

## Major Shareholders as on 30 October 2021

Equity Holder	No. of ordinary shares held (mn)	% shareholding
Alberto Miscia	1.60	10.7%
Nazzareno Gorni	1.60	10.6%
Matteo Monfredini	1.59	10.6%
Luca Azzali	1.55	10.2%
Matteo Bettoni	1.51	10.1%
Pronti Gianluca	0.91	6.1%
BMC Holding B.V.	0.59	3.9%
Treasure Shares	0.15	1.0%
Free Float (Market)	5.47	36.5%
<b>Total</b>	<b>15.0</b>	<b>100%</b>

Source – Growens website and press releases

## Management and Governance

### **Matteo Monfredini**

*Co-Founder, Chairman and CFO*

- Started his professional career as a freelance software developer during his studies in Computer Engineering at the Politecnico University in Milan
- Co-founded Network in 1999, a company specializing in network engineering & web applications
- Co-founded Growens in 2002

### **Nazzareno Gorni**

*Co-Founder and CEO*

- Began his career with a strategic role in a consulting firm specializing in ICT Marketing & CRM
- Adjunct professor of the Executive Master in Social Media Marketing & Digital Communication at IULM University, with a focus on Digital Marketing Management
- Co-author of "Email Marketing", "Fare Business con Facebook" and "Social Media Marketing"

### **Micaela Cristina Capelli**

*Executive Director and Investor Relations*

- Graduated in Economics & Business Law with a Master in Professional Coaching
- Started as analyst at the Equity Market Listing of the Italian Stock Exchange, after which she became Capital Markets Manager of Centrobanca and UBI Banca, and Capital Markets Director of Banca Esperia
- Former member of promoter team and Board of Directors of Gabelli Value for Italy SPAC

### **Armando Biondi**

*Non-Executive Director*

- Italian sports physiotherapists, radio speaker, and a successful technology entrepreneur
- Recently sold the startup he co-founded, AdEspresso, to Hootsuite
- One of the European Top Angels (with ~50 investments) and Guest Contributor for VentureBeat, Business Insider, Entrepreneur.com and Fast Company

### **Ignazio Castiglioni**

*Independent Director*

- Founder and CEO of HAT Orizzonte Group, an Italian alternative asset manager focused on private equity and infrastructure strategies, with €400 million of target assets under management
- Former Head of Private Equity of Vegagest SGR, an independent asset management group with more than €3 billion asset under management

## Services

### MailUp

MailUp is an email service provider (“ESP”) whose SaaS-based platform helps companies efficiently manage their newsletter, email, and Short Messaging Service (“SMS”) campaigns. The platform combines email marketing and automation tools with a Simple Mail Transfer Protocol (“SMTP”) relay for emails and plugins for e-commerce, Customer Relationship Management (“CRM”), and Content Management Systems (“CMS”). It is currently used by ca. 10,000 customers worldwide, ranging from small businesses to large multinational corporations, with close to 800 new customers added every month. The MailUp platform is used to send over 25 billion emails per year in nine different languages. The platform’s SMS deliveries are managed by Agile Telecom. MailUp sends SMSs to over 200 countries by leveraging Agile’s capabilities. Its platform concatenates up to 10 SMSs in one message, allowing customers to save up to 1,530 characters.

MailUp is among the key businesses in Growens’ portfolio with significant market traction. The company enjoys an NPS of 35 and has a monthly ARPA of €100, with 70% recurring revenues and 96% net retention. Mailup achieved week financial performance in H1’21 due to the loss of certain recurring contracts in Italy because of Covid. However, its performance has progressively improved since June with the Covid impact wearing off. MailUp’s revenue grew to €12.4 million in the first nine months of 2021 from €11.9 million in the corresponding period in 2020, translating to a 4.2% YoY growth. We expect the company’s performance to remain strong in the coming months unless there is a Covid-related relapse in the market.

Growens has adopted the “product-led approach” with MailUp, whereby it consistently works on making the product more robust with the expectation that this will increase the userbase and revenues. Consistent with this approach, the Group is investing significantly in expanding MailUp’s functionality and user experience, especially outside Italy. The Group is also exploring international partnerships and other indirect marketing channels so that MailUp can be made available in more overseas markets. For example, the Group’s partnership with a large player in Argentina has helped MailUp expand to Chile, Mexico, Columbia, and other countries in South America.

### Agile Telecom SPA

Agile Telecom’s SMS gateway uses its internally developed SS7 protocol technology (carrier-grade standard for voice and text), to provide SMS delivery solutions. The company also offers inbound SMS solutions and message testing services. Message testing services are provided through the company’s SMSC.net testing platform. A brief description of these services is as follows:

- a. SMS Messaging:** Real time delivery of transactional and marketing SMSs through direct connections with MNOs. Constant and secure monitoring through cloud solutions on Amazon AWS services.
- b. Inbound SMS:** Worldwide reception of inbound SMSs through dedicated hardware and software, and customized handsets for every customer. Tech connections available via SMPP and HTTP.
- c. Message Testing (SMSC.net):** Real time testing of the telecom service provider’s route quality. 24x7 testing available all over the world.

Growens is currently testing the feasibility of offering some of Agile's internal proprietary tools to other service providers as an API-based white label service. This offering, if rolled out, will be an additional revenue stream for Agile and will contribute to Growens' CPaaS revenues.

## Datatrics BV

### 1. Customer Data Platform (CDP)

Datatrics' Customer Data Platform (CDP) gathers and analyzes customer data to help businesses personalize customer interactions (website, email, and advertising) and improve their odds of conversion. Datatrics has the following service components:

- a. Customer Data Management:** Automatic customer data collection from different internal and external channels, followed by data cleaning and structuring for analysis.
- b. Predictive 360° Profiles:** Creation of unified customer profiles that show personal details and preferences of each unique visitor including continuously optimized predictions using AI.
- c. Segmentation and Targeting:** Assistance in creating specific customer segments that might be of interest to the client and automatically updating these segments to help the client target them throughout the customer journey.
- d. One-to-One Personalization:** Helping clients meet their customers and prospects when, where, and how they want to be met by activating appropriate communication channels.
- e. Reporting and Optimization:** Optimizing and compiling the data in a dashboard for continuous analysis and performance improvement.

Growens recently soft launched a free version of Datatrics with limited features. It may formally roll out this offering in 2022 after analyzing the results of the soft launch. The free version is intended to act as a lead generator to increase subscriptions to the full-service paid version.

## BEEfree.io Inc.

### 1. BEE

The free version (BEE Free) of Growens' email design editor and design application BEE offers the following features:

- a. Drag and Drop Editor:** Allows drag and drop of entire rows or individual content elements. Drop images directly from the desktop. Clone and rearrange everything quickly.
- b. Mobile Responsiveness Test:** Live testing of email programs on smartphones and other devices to ensure readability and high visual impact.
- c. Design Templates:** A large collection of professionally designed templates with no requirement to create an account.
- d. Easy Download:** All newsletters, announcements, transactional emails, and other communication materials created on BEE can be downloaded for use in all major email sending programs.

The subscription version of BEE (BEE Pro) offers the following additional features:

- a. All Designs in One Page:** All newsletters, transactional emails, product launch pages, custom home page, and signup forms created by the user are compiled in one place for easy use.
- b. From Email to Page in One Click:** Allows users to design a full digital campaign in no time by transforming any email into a landing page with one click as well as providing the option to add page-specific content like a signup form before publishing.
- c. Tools for All:** BEE Pro has inbuilt tools for all types of users – freelancers needing a better way to design for their clients, startups wanting to get campaigns out faster, and large companies aiming to empower more people across the organization.

## 2. BEE Plugin

BEE Plugin is a SaaS-based embeddable email, landing page, and popup builder that integrates easily with applications and can be completely customized in the way it looks, what it does, and how it interacts with other applications. It offers a superior drag-n-drop user experience and is intended to save businesses the money and time they would require to build their own drag-n-drop editor. BEE Plugin supports 20 languages and is available in subscription packages ranging from \$250 to \$2,000 per month.

## Acumbamail SL

The company currently has two products:

- a. Acumbamail:** The original platform that allows SMBs to manage contacts, send campaigns, create landing pages, and send SMSs. Acumbamail's functionality includes automatic resend and list clear, customizable templates, telephone support, Facebook audience, landing page editor, A/B testing, sending queue priority, email marketing advice, priority support, campaign previews, account manager, dedicated IP etc.
- b. Gumbamail:** A recently launched product that allows customers to send their marketing campaigns directly within Gmail.

The company had another product called Shopimail, which was a campaign tool within Shopify. However, the company discontinued this product because Shopify launched its own tool.

## **Technology**

### **MailUp**

MailUp uses its entirely self-developed multi-channel SaaS platform for marketing through email, newsletter, SMS, and messaging apps. It has also developed the 'Jade' application that allows MailUp's users to create customized forms by following some simple steps, which are linked to the user's MailUp account and all data collected through them is available for analysis in the account. These forms can also be linked to separate groups based on their purpose. Jade is available on both iOS and Android operating systems.

MailUp does not outsource any aspect of technology development and maintenance / updating to external partners. Neither does it contract external consultants for conceptualization and software development. MailUp's core technology, products, and software are, therefore, completely internally developed and owned entirely by MailUp or directly by Growens. However, the company uses some third-party tools for standard, low-value functionalities, such as Email on Acid for email previews, WYSIWYG for creating HTML emails, Blacklist API for protecting forms from bots, and Zuora and Stripe for billing and payments. MailUp also uses BEE Plugin's email template editor.

### **Agile Telecom**

Agile Telecom's core technical strength is its SS7 protocol technology that sets up and terminates voice calls over a digital signaling network to enable wireless cellular and wired connectivity. This technology is completely internally developed and owned by Agile. Agile has also internally developed and completely owns its testing platforms smsc.net and imsi.io.

### **Datatrix**

Datatrix's core technology is its proprietary AI-based predictive marketing platform that was developed by the company internally before it was acquired by Growens in 2018. The platform draws data from several internal and external sources and its self-learning algorithm analyzes this data for use by the company's clients. Datatrix uses Intercom for conversation support, engagement, and marketing support.

### **BEEfree.io Inc.**

BEE is Growens' internal startup that is expected to become completely self-financing going forward. The BEE platform as well as the content library have been internally developed. The company is adding more developers to its team to build more templates as well as add new design and content functionalities (e.g. landing pages). The company occasionally outsources small portions of development for specific projects. However, it has not outsourced any of this work in the last six months. The key third-party services BEE uses include AWS, Zendesk customer service software, and HubSpot CRM.

### **Acumbamail**

Both Acumbamail and Gumbamail are internally developed platforms that are completely owned by the company. The key third-party tools that these platforms use include Aircall for phone support and Helpscout for ticket and chat support. Acumbamail also uses services of group companies Agile and BEE for SMS support and content creation, respectively.

## Industry Analysis

MarTech is an ecosystem of cloud solutions and technological application businesses that support companies in the effective development of digital marketing campaigns. Currently, the MarTech industry is highly fragmented with several medium and small players that focus on specific niches, and some large players that have a wider focus. The number of MarTech applications available in the market has increased sharply from 150 in 2011 to approximately 8,000 at present.

### MarTech Segments

The MarTech ecosystem consists of six sub-segments:

1. Advertising & Promotion (mobile marketing, social & video advertising, PR)
2. Content & Experience (mobile apps, email & content marketing, personalization, SEO)
3. Social & Relationships (events, meetings & webinars, social media marketing, influencers)
4. Commerce & Sales (retail & proximity marketing, sales automation, e-commerce platforms)
5. Data (data marketing, mobile & web analytics, customer data platforms, predictive analytics, business and customer intelligence)
6. Management (talent management, product management, budgeting & finance, agile & lean management, vendor analysis)

The main technological trends that are currently affecting MarTech are aimed at exploiting the potential of collection and processing big data sets, in most cases including the client's own historical data. Customers generate a large amount of data and information in the course of making purchases. These purchases when tracked well generate valuable data that can be analyzed to launch more targeted and effective campaigns in the future as well as fine tune existing campaigns, with the aim of increasing sales.

This data is rigorously analyzed with the help of an ever-growing band of analytical software and tools that help produce deep insights and action points. In many cases, companies help automate the implementation of these insights and action points at scale through AI, robotics, and other automation technologies. The global marketing automation market was valued \$4.1 billion in 2019 and is expected to more than double and reach \$8.7 billion by 2027<sup>1</sup>.

Attractive new opportunities are emerging throughout this long MarTech value chain – right from data collection to analysis and implementation. These opportunities have inspired several Merger & Acquisition and financing deals in recent years. With more opportunities expected to emerge in MarTech going forward, deal volumes are likely to soar.

Thanks to the increasing possibilities to monitor the behavior of online customers and implement learnings, MarTech has expanded the focus of marketing campaigns from mostly converting a prospect to a customer (which is the case with traditional marketing), to bringing customers into the sales funnel and moving them down the funnel more efficiently. The focus at every level of the funnel – awareness, interest, and decision – is much greater and more tailored now, in addition to the focus on better 'milking' existing customers through a mix of more value addition and better value communication. Frequently, the focus is on leveraging the blessings of technology to create a growing community of loyalists or a cohort of sorts and churning it better.

## **The Role of Email and Text Messaging in Contemporary Marketing**

Multi-channeling is the central theme of new age marketing with a flood of digital marketing channels and analytical technologies now available to marketing professionals. The marketer's role has expanded to developing a strategy that provides targets an experience that is customized for them through the optimum use of various channels. However, despite the popularity of social media and alternative communication channels, a combination of email and text (SMS and text) is still among the most widely used and effective.

**Email Marketing:** Email is among the most personalized marketing channels that businesses can use effectively for all segments of the marketing funnel. It is also among the most cost-effective and conversion-rich form of digital marketing that, thanks to technological advances, is now richer in design and functional capability. Although many new forms of communication have now taken center stage, email has evolved and remained relevant, especially for B2B marketing. In addition to being the primary mode for companies when they want to send personal messages (especially important ones), email is also the most popular method for customers to reach out to companies. Despite chatbots becoming increasingly sophisticated, many situations still call for communication with a human agent. Email is the most preferred option in such situations.

Despite the explosive growth in social media and messaging app users, email usage is more than substantial. The number of email users is expected to increase from 3.9 billion in 2019 to 4.3 billion in 2023. In 2019 alone, 293.6 billion emails were sent and received per day. This is expected to increase to over 347.3 billion by 2022<sup>ii</sup>. Email continuing to remain a critical marketing communication tool in the foreseeable future is, therefore, undoubtable, as is a rapid increase in the number of new MarTech solutions businesses committed to improving email marketing.

**Text Messaging:** Text messages are among the most effective means to communicate time-sensitive information, such as passwords, updates, alerts, security threats, and limited period offers as they are the most opened and acted upon.

Despite a substantial decline in SMS volumes with the arrival of alternative messaging apps such as WhatsApp, SMS is likely to remain a key messaging option for certain types of business communication. Many factors associated with the evolution of MarTech lend support to declining SMS volumes, such as automated messaging capabilities, generation of more passwords due to multi-step authentication requirements, growing preference for online shopping, mobile apps authentication, and availability of cost-effective cloud-based solutions. Consequently, the value of the SMS marketing segment is expected to increase from \$4.1 billion in 2019 to \$17.8 billion by 2027<sup>iii</sup>.

### **Emerging Trends<sup>iv</sup>**

The key trends expected to drive MarTech's growth going forward are as follows:

#### **1. Rise of No-Code Technologies**

In 2020, 75% of organizations still had a long way to go in terms of digital maturity. This, coupled with the do-or-die need that businesses are facing in digital transformation, would likely see the rise of no-code or low-code MarTech solutions. These solutions can easily be used by marketers with minimal technical capabilities and sold to top management with simple data visualization.

## **2. Improving Content Personalization**

Consumers are flooding digital spaces, creating an influx of both traffic and data like never before. Since marketers can now benefit from being able to track and monitor consumer behavior to an even more granular level, using technology to identify, create, and selectively share customized content is becoming a growing trend.

## **3. Single View Predictions**

Although personalization based on data is currently in vogue, by 2025, advertisers are expected to give up on achieving personalization due to new cookie-less policies, making it difficult to gather, store, classify, and implement insights of their consumers. Businesses are considering improving the way first party data is used, given the rapid restrictions being imposed in third party data. At its peak, the utilization of an effective Customer Data Platform (“CDP”) would provide a single view of the consumer and accurate predictions of customer lifetime value.

## **4. Executional Efficiency**

Budgets are being shifted away from human resource, creating a greater dependency on leveraging marketing technology for operational efficiency. As more businesses opt for leaner, more agile structures, marketing leaders will look to tech not just for automation and to free up workflows, but also to create greater cross-departmental collaboration. Leaders will start looking at tech to seamlessly take care of marketing operations and managing tasks, especially with the continued work from home or virtual operations.

## Risk Profile Analysis

### 1. ECONOMIC RISKS

All Growens Group companies are influenced by the macroeconomic environment of Italy and all the other geographies they operate in, including Europe, the US, and South America. All Growens companies have been affected by falling consumer spending and shrinking marketing budgets in the aftermath of the Covid-19 outbreak. For example, Agile telecom's Marketing SMSs business has been affected because companies have not been sending SMSs or emails because consumers cannot come out to shop during lockdowns. However, the lockdowns have also supported some parts of the business. For example, there has been more opportunity for the Transactional SMSs business because people have been mostly shopping online. Although Europe and most other geographies are gradually emerging from Covid and have largely reopened, substantial uncertainty still prevails with fears of further 'waves' of Covid due to the emergence of new variants. In response to this, some countries have reimposed some level of travel restrictions and may have to consider reinstating lockdowns in case the situation worsens significantly. Since Growens' business is directly related to consumer sentiment and spending patterns, we believe that in the current environment, the Group has a MID-HIGH risk profile.

### 2. MARKET RISKS

Growens' businesses operate in an environment characterized by rapid technological developments and changing design preferences. They need to continuously invest in technological and design improvements to stay ahead of the competition, especially since patents cannot protect them for long. Although the Group constantly spends on expanding its content library as well as developing and acquiring new technological capabilities, none of its businesses apart from Agile are defensible yet. The Group's most significant competitive advantage is Agile's large client base and telecom operator relationships that have helped it build a dominant and defensible business in Italy. These advantages will continue reaping rewards for the company going forward. However, with Agile now well past its cash cow phase and other businesses at very early stages of growth, Growens will soon have to develop an alternative source of enduring competitive advantage. We feel that until the Group develops such an advantage, it has a MID-HIGH market risk profile.

### 3. FINANCIAL RISKS

- a. **Credit Risk:** Credit risk is determined by the exposure to potential losses deriving from failure by counterparties to fulfil the assumed obligations. Following the recent economic difficulties, the Group plans to adopt stricter procedures to quantify and control client risk levels. In order to reduce the risk of insolvency deriving from trade receivables, the Group has introduced various measures to encourage the use of electronic payment systems (credit cards, PayPal, Sepa Direct Debit) by customers, for example strengthening and innovating the e-commerce sale system. We feel that Agile has a LOW credit risk overall because Agile telecom mostly receives payment in advance from customers and most of the revenue from other businesses is also received in advance due to the subscription model. However, the Group's credit risk might increase going forward because BEE might have to offer advantageous credit terms to software developers to grow its plugin business.
- b. **Liquidity Risk:** The liquidity risk is the risk that a business will not be able to meet its financial obligations due to a paucity of current assets, cash, and cash equivalents. We feel that Agile has a LOW liquidity risk thanks to its substantial cash balance. Agile receives most of its payment upfront from customers and enjoys credits with telecom operators while other

businesses also receive most of their payments upfront. Other than Agile and Datatrics, all businesses are growing and generating increasingly higher cash revenues. The Group's fastest growing business BEE is not likely to require external funds as it is generating enough cash to finance its own organic growth. In fact, we believe that the Group could generate aggregate free cash flows of over €30 million between 2021 and 2025, implying it will have enough cash not only for its operational requirements but also to finance acquisitions and investing in other growth initiatives without raising external capital.

- c. **Interest Rate Risk:** Growens has comfortably managed its interest obligations since 2015. The Group has maintained manageable levels of leverage and benefited from a low interest rate environment. Although a high percentage of Growens' debt is variable rate debt, we don't see the Group experiencing any interest rate-related discomfort in the near future because interest rates are likely to continue being relatively low over the next two to three years as central banks facilitate economic recovery after the Covid-19 shock. In fact, the Group might consider raising more debt to benefit from this extended low interest rate environment, even though it is likely to have enough cash for routine requirements, R&D, as well as inorganic growth if its businesses continue growing as expected. As such, we believe that the Group has a LOW interest rate risk profile.
- d. **Exchange Rate Risk:** The Group's foreign currency exposure is currently low because it does most of its business within the Euro Area. Its limited foreign currency exposure is to the US Dollar and Danish Krone. Both these currencies have generally been stable against the Euro and this stability is likely to continue going forward. As such, we believe Growens has LOW exchange rate risk. The Group's exchange rate risk may increase moderately in the future with BEE's US business growing and the Group's businesses expanding outside the Euro Area. However, we don't see any material change in the Group's exchange rate risk profile over the next three to five years.

## Financial Analysis

Growens' revenue increased from €21.6 million to €65.2 million from 2016 to 2020, translating to a CAGR of 31.8%. This growth primarily came from the Group's SMS business, which grew at a CAGR of 40.4% over this period. BEE revenues also grew at a supernormal CAGR of 121% over this period. However, this growth did not have a significant impact on the Group's overall growth since BEE revenues represented less than 4% of the Group's revenue during this period.

**Revenue and Profitability:** The Group's revenue grew marginally by 7.3% YoY in 2020 because of a massive slowdown in all revenue streams. SMS revenues and Email revenues, which made up 68.2% and 23.7% of the Groups total revenue in 2020, only achieved YoY growth of 4.2% and 8.6% respectively in 2020, compared to a 57.2% and 33.7% YoY growth in 2019 and a CAGR of 40.4% and 13.7% between 2016 and 2020. BEE revenues grew by 62.1% YoY in 2020 compared to 97.3% in 2019 and a CAGR of 121% between 2016 and 2020. Growens' home market Italy being among the most impacted countries by Covid-19 was the most significant reason for the slowdown in the Group's growth. The volume of marketing emails and SMSs fell significantly because consumers could not leave their homes for shopping, dining, and other activities. Additionally, many businesses shut down and many cut their marketing budgets.

The Group's overall revenue growth remained low in 2021, largely because of a continued overdependence on Agile and MailUp, which together account for 90% of the Group's revenues. Agile is well past its high growth stage and generated a low revenue growth of 7.1%. BEE and Acumbamail generated strong YoY revenue growth of 37.4% and 26.9%, respectively, in first nine months of 2021, while MailUp generated a moderate YoY revenue growth of 4.2% over the same period. In addition to slow-growing businesses Agile and MailUp, Growens' overall revenue growth was dragged down to 6.8% YoY in first nine months of 2021 by negative consolidated adjustments of €6.9 million versus €5.2 million in first nine months of 2020. Significantly, BEE achieved an ARR of USD 7.4 million as of September 2021 and the Group expects this to reach USD 8 million by the end of the year. The Group has started categorizing its revenue as "CPaaS revenue" and "SaaS revenue" starting H1'21. CPaaS (Communication-Platform-as-a-Service) revenue, which includes most of Agile's revenue accounted for 62.0% (€31.7 million) of the Group's total revenue in first nine months of 2021, while SaaS revenue, which comprises revenue from other businesses accounted for 36.8% (€18.8 million) of the Group's total revenue for the period. Other revenues accounted for the remaining 1.2% (€0.6 million) of total revenues and were significantly lower than the corresponding period last year due to lower government grants.

Despite a stagnation in Agile's growth, Growens' revenue growth has accelerated since June, and we expect the Group's overall growth to be higher in Q4'21 and early 2022, as companies increase their marketing spending. However, a potential increase in Covid-19 cases later this year could mar these expectations.

The Group's gross margins increased from 27.5% in 2019 to 31.9% in 2020, primarily because of a decline in purchase costs from 62.6% of revenue in 2019 to 60.0% in 2020. In nine-month terms, the Group's gross margins increased from 32.2% in first nine months of 2020 to 34.4% in first nine months of 2021. The messaging capacity / credits purchased from telecom carriers is the largest component of the Group's purchase costs. Since the volume of SMSs was down significantly in 2020, the expenditure on messaging capacity was also far lower than the previous year, resulting in a lower aggregate purchase cost. The Group's payroll expenses were also significantly lower at 3.9% of revenue in 2020 compared to 5.7% of revenue in 2019. All other major cost heads under Cost of Goods Sold were broadly unchanged as a percentage of revenue compared to the previous year.

Growens' Selling, General, and Administrative Costs increased from 19.6% of revenue in 2019 to 24.1% of revenue in 2020, primarily due to 37.7% increase in Selling and Marketing Costs from €4.4 million (7.2% of revenue) in 2019 to €6.1 million (9.3% of revenue) in 2020. The Group also increased its R&D expenditure by 74.6% from €1.6 million (2.7% of revenue) in 2019 to €2.9 million (4.4% of revenue) in 2020. This R&D expenditure was primarily for BEE and Datatrics as the Group makes a push to scale these businesses. Growens also amortized €2 million of capitalized R&D expenditure in 2020 versus €1.9 million in 2019.

Despite a significant increase in Selling, General, and Administrative Costs, the Group's EBITDA margin remained flat at 7.8% in 2020 versus 7.9% in 2019. In absolute terms, the Group's EBITDA increased from €4.8 million (2.7% of revenue) in 2019 to €5.1 million in 2020. The Group's net income fell from €1.1 million in 2019 (1.9% net margin) to €0.6 million in 2020 (0.9% net margin).

In nine-month terms, Growens' Selling, General, and Administrative Costs increased from 24.8% of revenue in the first nine months of 2020 to 27.4% of revenue in first nine months of 2021. Growens' EBITDA increased from €3.52 million (7.4% EBITDA margin) in first nine months of 2020 to €3.56 million (7.0% EBITDA margin) in first nine months of 2021.

Despite contracting growth in SMS revenues, we expect SMS revenues to continue accounting for over 65% of the Group's revenues until 2025. We expect Email revenues to continue accounting for over 20% of the Group's total revenues until 2025 and BEE revenue share to increase from 5.7% of total revenues in 2020 to 8.5% of total revenues in 2025. The profitability implications of this are likely to be an increase in EBITDA margin to a range of 10% to 15% and an increase in net margin to a range of 4% to 7% by 2025.

**Capital Structure:** Growens' Total Shareholders' Equity increased from €7 million in 2016 to €17.3 million in 2020. The Group's Debt-to-Equity ratio fell from 0.5x as of December 2016 to 0.3x as of December 2020 and has remained at similar levels as of June 2021 despite the Group raising low-cost debt for R&D investments and acquisitions. The Group's debt increased substantially in the first nine months of 2021 due to a bullet loan that the Group expects to repay by the end of the year. We expect the Group's need for leverage to go down in the next few years as its equity reserves build further. However, the Group might continue raising low-cost debt to take advantage of the low interest rate environment that is expected to prevail while the global economy recovers from the impact of Covid-19.

**Liquidity Position:** Growens had cash ratios between 0.30x to 0.39x and current ratios between 0.63x to 1.06x between 2016 and 2020 with the exception of 2017, when the Group's cash ratio was 0.71x. This indicates a consistently tight liquidity position that can be owed to the Group's low profit margins and high payables and other current liabilities.

We expect this liquidity measure to improve modestly going forward as the Group's high-margin BEE business starts contributing more to revenue. Technical improvements to Agile's technology engine are also likely to increase the SMS business' margins slightly, resulting in more cash in the Group's books vis-à-vis current liabilities.

## Income Statement – Historical

<i>(All figures in € 000s unless mentioned otherwise)</i>	2016	2017	2018	2019	2020
<b>Revenue</b>					
E-mail Revenues	9,266	10,020	10,669	14,264	15,487
<i>YoY Growth %</i>		8.1%	6.5%	33.7%	8.6%
SMS Revenues	11,445	15,934	27,185	42,725	44,518
<i>YoY Growth %</i>		39.2%	70.6%	57.2%	4.2%
BEE Revenues	155	484	1,156	2,280	3,697
<i>YoY Growth %</i>		212.7%	138.9%	97.3%	62.1%
Other Revenues	776	882	1,193	1,528	1,532
<i>YoY Growth %</i>		13.7%	35.2%	28.1%	0.3%
<b>Total Revenues</b>	<b>21,641</b>	<b>27,320</b>	<b>40,203</b>	<b>60,797</b>	<b>65,234</b>
<i>YoY Growth %</i>		26.2%	47.2%	51.2%	7.3%
<b>Cost of Goods Sold</b>	<b>11,442</b>	<b>15,792</b>	<b>26,817</b>	<b>44,108</b>	<b>44,437</b>
<i>% of Total Revenue</i>	52.9%	57.8%	66.7%	72.5%	68.1%
<b>Gross Profit</b>	<b>10,199</b>	<b>11,528</b>	<b>13,386</b>	<b>16,689</b>	<b>20,797</b>
<i>% of Total Revenue</i>	47.1%	42.2%	33.3%	27.5%	31.9%
<b>SG&amp;A Costs</b>					
Sales & Marketing (S&M) Costs	3,172	3,244	2,938	4,407	6,067
<i>% of Total Revenue</i>	14.7%	11.9%	7.3%	7.2%	9.3%
Research & Development (R&D) Costs	660	858	1,063	1,635	2,855
<i>% of Total Revenue</i>	3.0%	3.1%	2.6%	2.7%	4.4%
General Costs	3,953	4,547	5,616	5,851	6,785
<i>% of Total Revenue</i>	18.3%	16.6%	14.0%	9.6%	10.4%
<b>Total SG&amp;A Costs</b>	<b>7,785</b>	<b>8,649</b>	<b>9,617</b>	<b>11,894</b>	<b>15,707</b>
<i>% of Total Revenue</i>	36.0%	31.7%	23.9%	19.6%	24.1%
<b>EBITDA</b>	<b>2,414</b>	<b>2,879</b>	<b>3,769</b>	<b>4,795</b>	<b>5,089</b>
<i>% of Total Revenue</i>	11.2%	10.5%	9.4%	7.9%	7.8%
<b>Depreciation, Amortization &amp; Provisions</b>	<b>1,228</b>	<b>1,599</b>	<b>1,872</b>	<b>2,946</b>	<b>3,709</b>
<b>EBIT</b>	<b>1,186</b>	<b>1,280</b>	<b>1,897</b>	<b>1,850</b>	<b>1,381</b>
<i>% of Total Revenue</i>	5.5%	4.7%	4.7%	3.0%	2.1%
<b>Net Financial Income / (Charges)</b>	<b>(58)</b>	<b>(78)</b>	<b>21</b>	<b>(27)</b>	<b>(179)</b>
<b>EBT</b>	<b>1,128</b>	<b>1,202</b>	<b>1,918</b>	<b>1,822</b>	<b>1,202</b>
<i>% of Total Revenue</i>	5.2%	4.4%	4.8%	3.0%	1.8%
<b>Effective Tax (incl. Prepaid / Advanced / Deferred Tax)</b>	<b>315</b>	<b>580</b>	<b>663</b>	<b>672</b>	<b>636</b>
<i>% of EBT</i>	28.0%	48.3%	34.6%	36.9%	52.9%
<b>Net Income / (Loss)</b>	<b>812</b>	<b>622</b>	<b>1,255</b>	<b>1,150</b>	<b>566</b>
<i>% of Total Revenue</i>	3.8%	2.3%	3.1%	1.9%	0.9%

## Balance Sheet – Historical

<i>(All figures in € 000s unless mentioned otherwise)</i>	2016	2017	2018	2019	2020
<b>Non-Current Assets</b>					
Plant & Machinery and Other Tangible Assets	714	1,011	1,095	1,774	1,701
Rights of Use (IFRS 16)	-	-	-	4,630	3,701
Intangible Fixed Assets	3,751	3,892	4,001	4,313	5,109
Goodwill	10,387	9,909	16,711	16,711	16,556
Equity Investments in Associates and Joint Ventures	102	108	117	119	123
Other Non-Current Assets	198	256	229	107	848
Deferred Tax Assets	785	813	1,199	1,116	1,191
<b>Total Non Current Assets</b>	<b>15,938</b>	<b>15,988</b>	<b>23,352</b>	<b>28,770</b>	<b>29,230</b>
<b>Current Assets</b>					
Trade Receivables	3,396	3,705	8,364	11,292	10,354
Other Current Assets	1,614	1,746	3,102	4,248	5,143
Financial Assets AFS	-	-	469	491	-
Cash & Cash Equivalent	4,461	10,706	7,712	8,947	9,866
<b>Total Current Assets</b>	<b>9,472</b>	<b>16,157</b>	<b>19,647</b>	<b>24,977</b>	<b>25,363</b>
<b>TOTAL ASSETS</b>	<b>25,410</b>	<b>32,145</b>	<b>42,999</b>	<b>53,747</b>	<b>54,593</b>
<b>Equity</b>					
Share Capital	283	354	373	374	374
Reserves	5,897	12,925	14,301	15,449	16,344
Profit (Loss) for the Year	781	549	1,255	1,150	566
Shareholders' Equity of Minority Interests	60	122	-	-	-
<b>Total Shareholders' Equity</b>	<b>7,020</b>	<b>13,950</b>	<b>15,930</b>	<b>16,973</b>	<b>17,283</b>
<b>Non-Current Liabilities</b>					
Payables to Banks & Other Financiers	2,246	1,772	343	1,445	3,383
Liabilities of Right of Use Long Term	-	-	-	3,629	2,697
Provisions for Risks & Charges	58	98	178	200	89
Provisions for Personnel	934	1,115	1,321	1,719	1,984
Deferred Taxes	31	32	258	419	542
Other Non-Current Liabilities	-	-	3,748	3,000	3,000
<b>Total Non Current Liabilities</b>	<b>3,269</b>	<b>3,017</b>	<b>5,849</b>	<b>10,412</b>	<b>11,694</b>
<b>Current Liabilities</b>					
Trade Payables	2,948	4,711	8,077	12,964	11,827
Due to Banks & Other Lenders Short Term	1,262	1,680	1,472	992	986
Liabilities Right of Use Short Term	-	-	-	1,018	1,029
Other Current Liabilities	10,912	8,789	11,671	11,389	11,774
<b>Total Current Liabilities</b>	<b>15,121</b>	<b>15,179</b>	<b>21,220</b>	<b>26,362</b>	<b>25,616</b>
<b>TOTAL LIABILITIES &amp; SHAREHOLDERS' EQUITY</b>	<b>25,410</b>	<b>32,145</b>	<b>42,999</b>	<b>53,747</b>	<b>54,594</b>

## Income Statement Summary – Projected

<i>(All figures in € 000s unless mentioned otherwise)</i>	2021 E	2022 P	2023 P	2024 P	2025 P
<b>Total Revenues</b>	<b>72,155</b>	<b>92,745</b>	<b>116,287</b>	<b>144,105</b>	<b>176,955</b>
<i>YoY Growth %</i>	10.6%	28.5%	25.4%	23.9%	22.8%
<b>EBITDA</b>	<b>5,177</b>	<b>9,782</b>	<b>13,511</b>	<b>18,011</b>	<b>24,527</b>
<i>% of Total Revenue</i>	7.2%	10.5%	11.6%	12.5%	13.9%
<b>Net Income / (Loss)</b>	<b>1,524</b>	<b>3,998</b>	<b>5,806</b>	<b>7,929</b>	<b>11,082</b>
<i>% of Total Revenue</i>	2.1%	4.3%	5.0%	5.5%	6.3%

## Balance Sheet – Projected

<i>(All figures in € 000s unless mentioned otherwise)</i>	2021 E	2022 P	2023 P	2024 P	2025 P
<b>Non-Current Assets</b>					
Plant & Machinery and Other Tangible Assets	2,804	4,098	5,604	7,365	9,431
Rights of Use (IFRS 16)	3,701	3,701	3,701	3,701	3,701
Intangible Fixed Assets	5,230	5,920	7,041	8,548	10,437
Goodwill	16,556	16,556	16,556	16,556	16,556
Equity Investments in Associates and Joint Ventures	123	123	123	123	123
Other Non-Current Assets	107	107	107	107	107
Deferred Tax Assets	1,191	1,191	1,191	1,191	1,191
<b>Total Non Current Assets</b>	<b>29,712</b>	<b>31,697</b>	<b>34,323</b>	<b>37,591</b>	<b>41,547</b>
<b>Current Assets</b>					
Trade Receivables	11,797	13,652	15,978	18,860	22,399
Other Current Assets	5,400	5,670	5,953	6,251	6,563
Financial Assets AFS	-	-	-	-	-
Cash & Cash Equivalent	10,639	13,167	14,912	17,134	20,463
<b>Total Current Assets</b>	<b>27,836</b>	<b>32,489</b>	<b>36,843</b>	<b>42,245</b>	<b>49,426</b>
<b>TOTAL ASSETS</b>	<b>57,548</b>	<b>64,185</b>	<b>71,167</b>	<b>79,836</b>	<b>90,973</b>
<b>Equity</b>					
Share Capital	374	374	374	374	374
Reserves	17,375	18,244	19,156	20,114	21,120
Profit (Loss) for the Year	1,524	3,998	5,806	7,929	11,082
Shareholders' Equity of Minority Interests	-	-	-	-	-
<b>Total Shareholders' Equity</b>	<b>19,273</b>	<b>22,617</b>	<b>25,336</b>	<b>28,417</b>	<b>32,576</b>
<b>Non-Current Liabilities</b>					
Payables to Banks & Other Financiers	3,286	4,135	5,118	6,280	7,651
Liabilities of Right of Use Long Term	2,697	2,697	2,697	2,697	2,697
Provisions for Risks & Charges	100	100	100	100	100
Provisions for Personnel	2,052	2,691	3,400	4,371	5,547
Deferred Taxes	542	542	542	542	542
Other Non-Current Liabilities	3,000	3,000	3,000	3,000	3,000
<b>Total Non Current Liabilities</b>	<b>11,676</b>	<b>13,166</b>	<b>14,857</b>	<b>16,990</b>	<b>19,537</b>
<b>Current Liabilities</b>					
Trade Payables	13,878	16,459	19,656	23,583	28,329
Due to Banks & Other Lenders Short Term	1,095	1,378	1,706	2,093	2,550
Liabilities Right of Use Short Term	1,029	1,029	1,029	1,029	1,029
Other Current Liabilities	10,597	9,537	8,583	7,725	6,953
<b>Total Current Liabilities</b>	<b>26,599</b>	<b>28,404</b>	<b>30,974</b>	<b>34,430</b>	<b>38,860</b>
<b>TOTAL LIABILITIES &amp; SHAREHOLDERS' EQUITY</b>	<b>57,549</b>	<b>64,186</b>	<b>71,167</b>	<b>79,837</b>	<b>90,974</b>

## Valuation

Equity Value of Growens stands between **€125.5 million and €153.4 million**

Equity Value per share for GROW stands between **€8.39 and €10.25**

*(All figures in € thousands)*

Valuation Approach	Variance	Equity Value as on 13-Dec-2021	Price per Share (€)
Downside Case	-10%	125,539	8.39
Base Case	0%	139,488	9.32
Upper Case	10%	153,437	10.25

### Important information on Arrowhead methodology

The principles of the valuation methodology employed by Arrowhead BID are variable to a certain extent, depending on the sub-sectors in which the research is conducted. But all Arrowhead valuation research possess an underlying set of common principles and a generally common quantitative process.

With Arrowhead commercial and technical due diligence, Arrowhead researches the fundamentals, assets and liabilities of a company, and builds estimates for revenue and expenditure over a coherently determined forecast period.

Elements of past performance such as price/earnings ratios, indicated as applicable, are mainly for reference. Still, elements of real-world past performance enter the valuation through their impact on the commercial and technical due diligence.

We have presented the Discounted Cash Flow ("DCF") estimate approach for Free Cash Flow to Firm ("FCFF") valuation. We have also presented Comparable Company Analysis. The fair value bracket is built on the basis of these two methods.

### Arrowhead BID Fair Market Value Bracket

The Arrowhead Fair Market Value is given as a bracket. This is based on quantitative key variable analyses such as key price analysis for revenue and cost drivers or analysis and discounts on revenue estimates for projects, especially relevant to projects estimated to provide revenue near the end of the chosen forecast period. Low and high estimates for key variables are produced as a valuation tool.

In principle, an investor comfortable with the high brackets of our key variable analysis will align with the high bracket in the Arrowhead Fair Value Bracket, and, likewise, in terms of low estimates. The investor will also note the Group intangibles to analyze the strengths and weaknesses, and other essential company information. These intangibles serve as supplementary decision factors for adding or subtracting a premium in investor's own analysis.

The bracket should be taken as a tool by Arrowhead BID for the reader of this report and the reader should not solely rely on this information to make his decision on any particular security. The reader must also understand that while on the one hand global capital markets contain inefficiencies, especially in terms of information, on the other, corporations and their commercial and technical positions evolve rapidly. This present edition of the Arrowhead valuation is for a short to medium-term alignment analysis (one to twelve months).

## Estimation of Equity Value

Value of Growens' equity has been arrived at using two approaches – Listed Comparable Analysis and DCF Valuation Approach. The results have been summarized in the table below.

*(All figures in € thousands)*

Valuation Approach	Equity Value as on 13-Dec-2021	Price per share (€)	Weight (%)
<b>Listed Company Analysis</b>	147,099	9.83	50%
<b>DCF Valuation</b>	131,877	8.81	50%
<b>Weighted Average Equity Value</b>	<b>139,488</b>	<b>9.32</b>	<b>100%</b>

### 1. Listed Company Analysis

Listed Comparably Analysis method operates under the assumption that similar companies will have similar valuation multiples such as EV/Sales, EV/EBITDA and P/E. We have shortlisted companies similar in business with Growens based on parameters such as market size, regions of operations etc.

A list of available statistics for the companies was compiled, and the EV/Sales, EV/EBITDA and P/E multiple was calculated for each of the comparable companies. Since most of the data was not normalized, we have left outliers in our calculations. The weighted average of the resulting multiples was then calculated and used as benchmark for valuing Growens.

The weights allocated to the comparable companies were based on the degree of their business match with the subject company.

*(All figures in € thousands)*

Relative Valuation based on:	Weight	Equity Value as on 13-Dec-2021	Implied Share Price (€)
<b>EV/Sales</b>	34%	231,381	15.82
<b>EV/EBITDA</b>	33%	162,356	11.21
<b>P/E</b>	33%	28,345	2.26
<b>Weighted Average Equity Value</b>	<b>100%</b>	<b>147,099</b>	<b>9.83</b>

Stock Exchange	Ticker	Company Name	Business Match %	EV/Sales	EV/EBITDA	P/E
London Stock Exchange	DOTD	DotDigital Group PLC	35%	11.6	30.2	52.3
New York Stock Exchange	KLR	Kaleyra, Inc.	65%	2.8	-	-
Nasdaq Stock Market	VG	Vonage Holdings Corp.	65%	4.6	53.3	-
Euronext Growth Milan	NSP	Neosperience S.p.A.	60%	2.3	9.7	64.2
Euronext Growth Milan	EXAI	ExpertAi SpA	60%	2.5	-	-
Euronext Amsterdam	CMCOM	CM.com NV	65%	5.3	-	-
<b>Median</b>				<b>3.7</b>	<b>30.2</b>	<b>58.3</b>
<b>Mean without Outliers</b>				<b>3.5</b>	<b>31.1</b>	<b>58.3</b>
<b>Weighted Average without Outliers</b>				<b>3.5</b>	<b>31.9</b>	<b>59.8</b>
Euronext Growth Milan	<b>GROW</b>	<b>Growens S.p.A.</b>		<b>1.1</b>	<b>13.5</b>	<b>131.6</b>

## 2. Discounted Cash Flow (“DCF”) Approach

- **Valuation Methodology:** The Arrowhead fair valuation for Growens is based on the Discounted Cash Flow (“DCF”) analysis of all the Group’s business units.
- **Time Horizon:** The time period chosen for valuation is 5 years (2021 – 2025).
- **Terminal Value:** Terminal value is based on terminal growth rate of 3.0%.

The following table calculates the cost of equity of Growens. The expected return on the market is assumed for the broader market. We have additionally assumed a company-specific risk to account for the risk involved in taking Growens’ business units forward.

## Weighted Average Cost of Capital

Valuation	
Risk free rate (Rf)	2.0%
Beta	1.2
Expected Return on Market	10.0%
<b>Cost of Equity</b>	<b>11.6%</b>
<b>Interest Rate Paid on Debt</b>	<b>5.0%</b>
Assumed Weight – Debt	5.0%
Assumed Weight – Equity	95.0%
<b>Weighted Average Cost of Capital (WACC)</b>	<b>11.3%</b>

The following table summarizes the Free Cash Flow to Firm (FCFF) computation for Growens, which is subsequently discounted by Weighted Average Cost of Capital (WACC).

FCFF (All figures in € thousands)					
	2021	2022	2023	2024	2025
Net Income	1,524	3,998	5,806	7,929	11,082
Add: Depreciation and Amortization	2,384	2,653	3,188	3,937	4,892
Add: Interest Expense x (1-Tax Rate)	68	65	79	93	110
Less: CAPEX	1,443	1,855	2,326	2,882	3,539
Less: Increase in Net Working Capital	(503)	396	282	315	303
<b>Free Cash Flow to Firm (FCFF)</b>	<b>3,036</b>	<b>4,465</b>	<b>6,464</b>	<b>8,762</b>	<b>12,242</b>
<b>Terminal Value</b>					<b>152,473</b>
<b>Present Value of Free Cash Flow to Firm (FCFF)</b>	<b>2,729</b>	<b>3,606</b>	<b>4,692</b>	<b>5,716</b>	<b>7,177</b>
<b>Present Value of Terminal Value</b>					<b>89,393</b>

Valuation	
<b>Enterprise Value as on 31-Dec-2020</b>	<b>113,313</b>
<b>Equity Value as on 31-Dec-2020</b>	<b>118,811</b>
<b>Equity Value as on 13-Dec-2021</b>	<b>131,877</b>
Number of Shares Outstanding (in thousands)	14,971
<b>Value per Share (€)</b>	<b>8.81</b>

## Analyst Certifications

We, Aditya Ahluwalia and Aman Sabherwal, certify that all of the views expressed in this research report accurately reflect our personal views about the subject security and the subject company.

### Important disclosures

Arrowhead Business and Investment Decisions, LLC received fees in 2021 and will receive fees in 2021 from Growens S.p.A. for researching and drafting this report and for a series of other services Growens S.p.A., including distribution of this report, investor relations and networking services. Neither Arrowhead BID nor any of its principals or employees own any long or short positions in Growens S.p.A. Arrowhead BID's principals have a mandate for investment banking services from Growens S.p.A. and expect to receive compensation for investment banking activities from Growens S.p.A. in 2021.

Aside from certain reports published on a periodic basis, the large majority of reports are published by Arrowhead BID at irregular intervals as appropriate in the analyst's judgment.

Any opinions expressed in this report are statements of our judgment to this date and are subject to change without notice.

This report was prepared for general circulation and does not provide investment recommendations specific to individual investors. As such, any of the financial or other money-management instruments linked to the company and company valuation described in this report, hereafter referred to as "the securities", may not be suitable for all investors.

Investors must make their own investment decisions based upon their specific investment objectives and financial situation utilizing their own financial advisors as they deem necessary.

Investors are advised to gather and consult multiple information sources before making investment decisions. Recipients of this report are strongly advised to read the information on Arrowhead Methodology section of this report to understand if and how the Arrowhead Due Diligence and Arrowhead Fair Value Bracket integrate alongside the rest of their stream of information and within their decision-taking process.

Past performance of securities described directly or indirectly in this report should not be taken as an indication or guarantee of future results. The price, value of, and income from any of the financial securities described in this report may rise as well as fall and may be affected by simple and complex changes in economic, financial and political factors.

Should a security described in this report be denominated in a currency other than the investor's home currency, a change in exchange rates may adversely affect the price of, value of, or income derived from the security.

This report is published solely for information purposes and is not to be considered as an offer to buy any security, in any state.

Other than disclosures relating to Arrowhead Business and Investment Decisions, LLC, the information herein is based on sources we believe to be reliable but is not guaranteed by us and does not purport to be a complete statement or summary of the available data.

Arrowhead Business and Investment Decisions, LLC is not responsible for any loss, financial or other, directly or indirectly linked to any price movement or absence of price movement of the securities described in this report.

## Appendix

### Glossary

SaaS	Software-as-a-Service
CPaaS	Communication-Platform-as-a-Service
AIM	Alternative Investment Market
AWS	Amazon Web Services
OTP	One Time Password
OLO	Other Licensed Operators
ROC	Register of Operators in Communication
AGCOM	Italian Authority for Telecommunications Guarantees
BEE	Best Email Editor
QoQ	Quarter-on-Quarter
CRM	Customer Relationship Management
SME	Small and Medium-sized Enterprise
ESP	Email Service Provider
SMS	Short Message Service
SMTP	Simple Mail Transfer Protocol
CRM	Customer Relationship Management
CMS	Content Management System
CDP	Customer Data Platform
MarTech	Marketing Technology
AI	Artificial Intelligence
FCFF	Free Cash Flow to Firm
DCF	Discounted Cash Flow
ARPA	Average Revenue Per Account
NPS	Net Promoter Score

## Notes and References

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- <sup>i</sup> [www.grandviewresearch.com/industry-analysis/marketing-automation-software-market](http://www.grandviewresearch.com/industry-analysis/marketing-automation-software-market)
- <sup>ii</sup> [www.oberlo.in/blog/email-marketing-statistics](http://www.oberlo.in/blog/email-marketing-statistics)
- <sup>iii</sup> [www.verifiedmarketresearch.com/product/sms-marketing-software-market/](http://www.verifiedmarketresearch.com/product/sms-marketing-software-market/)
- <sup>iv</sup> [www.warc.com/newsandopinion/opinion/six-martech-trends-to-watch-in-2021/4057](http://www.warc.com/newsandopinion/opinion/six-martech-trends-to-watch-in-2021/4057)