

Due Diligence and Valuation Report

Arrowhead code:	75-03-08
Coverage initiated:	04-Jun-2021
This document:	28-Jun-2023
Fair share value bracket	€6.69 to €8.17
Share Price (27 Jun):	€6.40

Analyst Team

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Market Data

52-Week Range:	€3.71 - €6.60
3-Month Average Daily Volume:	38,626
Market Cap. on date:	€98.5 million

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

	'24P	'25P	'26P	'27P	'28P
NI (mn)	1.7	2.7	3.4	4.1	5.2
EPS	0.11	0.17	0.22	0.27	0.34

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 omnichannel marketing automation.

The Group has 5 key business units – Agile Telecom (“Agile”), BEEfree.io, Datatrics, MailUp + Contactlab, and Acumbamail, and generates revenue from email, SMS, predictive marketing, and do-it-yourself content design products. On February 2, 2023, Growens signed a binding agreement to sell its MailUp + Contactlab and Acumbamail business units (collectively referred to as Email Service Provider) to TeamSystem S.p.A. for a total consideration of €70 million.

Key Highlights

1. Agile Telecom is the Group’s largest business with 370+ direct connections with mobile carriers worldwide. It sends ca. two billion SMSs each year, including almost half of all marketing and transactional messages in Italy. Growens is now focusing on Agile’s margin improvements.
2. BEE is likely to be Growens’ principal growth driver going forward, with significant growth expected in the coming years. The Group believes that BEE is self-financing and can grow rapidly without significant external capital.



Company:	Growens S.p.A.
Ticker:	BIT: GROW
Headquarters:	Milan, Italy
CEO:	Nazzareno Gorni
Website:	www.growens.io

3. The approximate timeline to complete the sale of the Email Service Provider business is the end of June 2023, which will provide Growens with liquidity to focus on BEE’s development and deliver returns to stakeholders.

Key Strengths

Growens’ 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. Agile’s transactional SMS business has a strong correlation with online shopping activity, which has been experiencing a secular growth trend and continued its momentum even as other businesses slowed due to Covid.

Additionally, BEE is rapidly emerging as a leading player in the innovative, fast-growing addressable market for content design. The Group holds a prominent position in MarTech solutions in Italy, driven by a synergetic and complementary product and client portfolio.

Key Risks

Growens operates in a fairly competitive market. The number of MarTech applications available in the market has increased sharply from 150 in 2011 to 11,000+ at present. The Group faces the key challenge of continually developing itself to offer differentiated offerings in the market. While this remains a key risk, the Group continues to invest considerable time and money towards its research and development initiatives.

Valuation & Assumptions

Based on its due diligence and valuation estimates, Arrowhead believes that Growens’ fair share value lies in the €6.69 to €8.17 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 €8.66, while a relative valuation provides a fair value of €6.20.

Table of Contents

Investment Thesis.....	3
Company Presentation	5
News	13
Listing Information	15
Management and Governance	16
Services	17
Technology.....	21
Industry Analysis	23
Risk Profile Analysis.....	26
Financial Analysis.....	28
Valuation.....	34
Analyst Certifications	38
Appendix.....	39
Notes and References	40

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 growth plateaus

Agile Telecom generated 57.8% of the Group's revenues in 2022 before consolidation adjustments. The company reported a 42.5% YoY revenue growth in 2022 after a period of relatively slow growth in 2020 and 2021. This strong revenue growth is attributable to the onboarding of large commercial clients. The acquisition of those clients led to lower profit margins YoY in 2022 as the company offered them attractive terms. Agile Telecom's revenue grew by 1.3% in Q1'2023 YoY. The company is now focusing on marketing its platform to onboard customers and invest the cash flow generated in the growth of other business units, given the relatively large size of Agile, in terms of revenue contribution, compared to other business units. In 2022, the Group's CPaaS revenues were €63.3 million, showing a 43.7% increase over 2021. The Group generated CPaaS revenues of €13.8 million in Q1'2023, which was a marginal increase of 0.3% YoY. We expect Agile's revenue growth to be considerably slower over the medium and long term as the Group does not plan to invest materially in Agile's topline growth in the next few years, instead, the company plans to invest aggressively in marketing initiatives.

Despite a possible 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. The Group is experimenting with the feasibility of licensing some of Agile's proprietary internal tools to other service providers using APIs. If these experiments are successful, Growens will be able to add a further revenue stream to Agile and its CPaaS business line.

In addition to financing other group companies' organic growth initiatives, cash flows from Agile 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, 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 relies on 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. BEE generated revenues of €8.9 million in 2022 against €5.6 million in 2021, translating to a YoY growth of 59.0% at a constant EUR/USD exchange rate. BEE generated €2.4 million in revenues in Q1'2023, an increase of 25.2% YoY. BEE is currently the Group's fastest-growing business unit organically.

BEE is expected to gain more enterprise clients as a result of increased adoption of the freemium model as more customers get to try the product for free. The company reported an ARR of USD 10.8 million as of March 2023 (growth of 23% YoY). Growens expects BEE to become its flagship business going forward and continue growing significantly to become a €10 million to €15 million sales business in the next few periods.

BEE Pro primarily generates its revenues from individual subscription packages, most of which are bought by individual practitioners or corporate 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, Content Validation, and AI-assisted content creation. 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 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.

Proceeds from the sale of the Email Service Provider business to stimulate BEE's growth

On February 2, 2023, the Board of Directors of Growens approved the signing of a binding agreement to sell 100% stake in its Email Service Provider business (i.e., MailUp, Contactlab, Acumbamail, MailUp Nordics, and Globase business units) to TeamSystem S.p.A for a total consideration of €70 million. The approximate timeline to complete the transaction is the end of June 2023. The successful closure of this transaction would generate significant cash flows for Growens since it values the Email Service Provider business at €70 million, which is more than the whole Growens group's market capitalization of €65.7 million as on February 2, 2023. Growens plans to invest a high percentage of the proceeds from this transaction in BEE's R&D and sales with the aim of fast-tracking its growth. The proceeds could also allow Growens to pursue inorganic growth opportunities that complement BEE.

Company Presentation

Growens S.p.A. (“Growens” or “the Group”, previously MailUp S.p.A.) is a vertically integrated Cloud Marketing Technologies (“MarTech”) business operating in two business lines: Communication-Platforms-as-a-Service (“CPaaS”), represented by a leading SMS technology company, Agile Telecom, and Software-as-a-Service (“SaaS”) made up of four 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 growth strategy since its early days. The Group has acquired six companies since 2015, including Contactlab S.p.A. (Italian digital market platform), Acumbamail (Spanish market and Latin America), Globase (Nordics market), Agile Telecom (SMS wholesale market), and Datatrics (artificial intelligence).

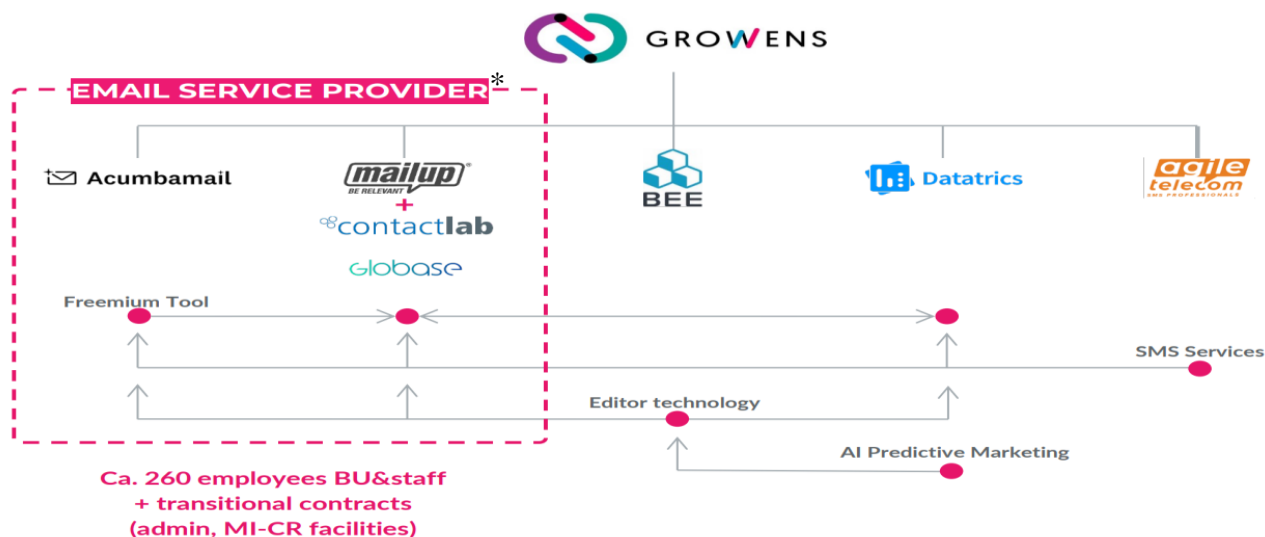
The Group currently focuses on the development and sale of:

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

At a consolidated level, Growens serves 26,000+ B2B customers and 780,000+ free users across 115+ countries. It has a global presence with offices on three continents and a staff of 430 employees. In 2014, the holding company’s ordinary shares 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.

Business Description

Growens has five business units – Agile Telecom, Datatrics, BEEfree.io, MailUp + Contactlab, and Acumbamail. On February 2, 2023, the Board of Directors approved the signing of a binding agreement for the sale of MailUp + Contactlab and Acumbamail business units (collectively referred to as Email Service Provider) to TeamSystem, with the transaction expected to close approximately by the end of June 2023. Growens’ group structure is as follows:



*Growens has signed a binding agreement to sell the Email Service Provider business to TeamSystem

Agile Telecom

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 passwords ("OTP") that are necessary for the successful completion of digital payments, money transfers, and multiple authentication factors. 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. but relies on a proprietary technology instead.

Agile serves 340+ wholesale clients, sends ca. 2 billion SMSs per year, and contributed 57.8% of Growens' total revenues in 2022 before consolidation adjustments and 53.5% of Growens' total revenues in Q1'2023 before consolidation adjustments. Almost equal parts of Agile's revenues 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 370+ 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 revenues grew by 42.5% YoY in 2022 after experiencing slower growth in 2020 and 2021, mainly due to the slowdown of economic activities following the Covid-19-related lockdowns. The company's revenues grew by 1.3% in Q1'2023 YoY. The Group's CPaaS revenues covering messaging service provided on a wholesale basis using APIs, supplied by the Agile Telecom business unit, grew from €44.1 million in 2021 to €63.3 million in 2022 at a 43.7% growth rate. This growth was primarily driven by the acquisition of new clients and a steady recovery of economic activities. However, we expect Agile's revenue growth to considerably slow down over the medium and long term as 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 sizeable 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 the early growth stages. Agile's revenues and profits will also be critical to continue financing the Group's inorganic growth plans and transition from an SMS-dominated business to a SaaS-dominated business.

Further Monetization Possible: Agile is working on increasing its gross margins slightly 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. The company is working on further technological adjustments that are likely to help it improve margins slightly further in the upcoming periods. These adjustments include a pilot that 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 businesses, in case a lucrative offer is made for the acquisition of Agile.

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 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 revenues of €8.9 million in 2022 as against €5.6 million in 2021, translating to a 59.0% YoY growth at a constant EUR / USD exchange rate. The company generated €2.4 million in revenues in Q1'2023, translating to a growth of 25.2% YoY. The company enjoys an NPS (Net Promoter Score) of 54 and its Annual Recurring Revenue ("ARR") exceeds USD 10.8 million as of March 2023. BEE has continued to outperform and is the Group's dark horse. Despite its relatively lower revenue contribution, it continues to witness high double-digit growth and is set to lead the Group's growth going forward. BEE was the fastest-growing business unit in 2022 and the Group's fastest-growing business unit organically in Q1'2023.

Growens plans to invest most of the proceeds from the sale of the Email Service Provider business to fast-track BEE's development, the Group's fastest-growing business unit. In particular, the Group is focused on developing new capabilities and features for BEE, both organically through increasing R&D, sales, and marketing efforts and inorganically by acquiring new small and medium size businesses with complementary technology in US and Europe. Growens is drafting a three-year plan for BEE to accelerate its growth.

BEE's portfolio comprises the following:

BEE Pro: BEE is a freemium tool that end users can access directly (BEE Free and BEE Pro). The free version 'BEE Free' comprises a collection of 1,000+ templates that were pre-designed by BEE's designer community and currently has ca. 730,000 free users and 10,000+ clients from freelancers to large corporations (including Google, Netflix, Amazon, Spotify, UNICEF, Disney, etc.). The premium version 'BEE Pro' has ca. 11,000 subscribers and is available in the form of individual and group plans that are priced at \$25 per month and upwards. BEE has a huge base of free users and the company is planning to monetize its large user base by charging for certain features which were earlier available for free. In April 2023, the company launched a beta version of BEE that is integrated with ChatGPT. This beta version will provide BEE's users with OpenAI's technology within BEE's visual builder. BEE's integration with OpenAI will speed up the process of editing and creating new designs as its users can now access ChatGPT to obtain content and translate it as well. The company has released its first version and received good feedback from its customers. The company plans to keep this feature free of cost till a certain threshold and will start charging its users beyond certain features.

BEE Plugin: The company's SaaS plugin 'BEE Plugin' has a usage-based pricing model and is currently embedded by ca. 1,000 software developers. The company currently generates almost equal revenues from the application and the plugin. BEE's sharp revenue increase from 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 to 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 to gradually replace 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 Q3'2021 and is realigning its sales and marketing apparatus to increase focus 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.

As of March 2023, BEE had 70+ employees, including more than 20 Sales & Marketing employees and more than 25 developers. The Sales & Marketing employees were based in Europe and the US, while almost the entire development team was in Italy.

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. As of March 2023, Datatrics had 20 employees and 245+ clients, most of which are small and mid-size enterprises ("SMEs") with e-commerce websites. The company currently has 100% recurring revenues. The Group reported ARR from Datatrics at €2.1 million as of March 2023, an 8% reduction from March 2022.

Reorganization and Rebuilding the Team: Growens acquired Datatrics in 2018 and it contributed very little to the Group's revenue (2.2% of revenues in 2022 and 2.0% of revenues in Q1'2023 before consolidation adjustments). The acquisition by Growens helped Datatrics expand its business into Italy and Latin America. Datatrics generated €2.5 million in revenues before consolidation adjustments in 2022, which translates to a decrease of 2.0% YoY. The company generated €0.6 million in revenues before consolidation adjustments in Q1'2023, which translates to a decrease of 10.9% YoY. 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. It is also taking steps to increase lead generation and prospect engagement, working on an operational reorganization of Datatrics so that it can respond more efficiently to the post-Covid market environment, and creating a leaner company with a higher skill level so that it can focus on unified client management. The company also transitioned towards a more scalable and self-provisioning model that better utilizes its partner network and soft-launched a free version of Datatrics in November 2021. The reason behind launching a free version of Datatrics was to lower the entry point for customers from €400-€300 and generate more leads with a higher probability of conversion. The company launched the freemium version of Datatrics in February 2022. The effects of some of these initiatives have started reflecting in the company's financials. Datatrics reported an EBITDA loss of €1.6 million in 2022. The company reported an EBITDA loss of €0.3 million in Q1'2023, as the losses reduced by 23.6% YoY. Growens is planning to deploy a long-term turnaround plan for Datatrics so that the company becomes profitable. In January 2023, the company appointed Harm Jansen as its CEO, who is actively taking

initiatives to complete the company's turnaround plan. If Datatrix cannot break even after implementing the turnaround plan, then the Group will reorganize the company.

Synergies and Shared Growth Opportunities for Other Companies: The Datatrix 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, Nordics, the rest of Europe, and South America thanks to the sizeable cross-selling opportunities it opens.

Email Service Provider

Growens' Email Service Provider business, which it signed a binding agreement to sell to TeamSystem for a total consideration of €70 million in February 2023, comprises the following:

MailUp + Contactlab: MailUp is the original business from where the Group started. The company was bootstrapped in Italy by its five founders and all of them are still active in the Group. It markets a multichannel cloud platform for managing email and SMS campaigns, as well as newsletters, and currently represents the leading solution in Italy, serving both SMEs and large companies.

Growens acquired Contactlab under Mailup in May 2022. Contactlab has developed a SaaS platform to deliver customized marketing messages across multiple channels. The company uses 'Engagement Intelligence' to process customer data from various sources and then combines the results to help companies target the right audience according to their distinguishable attributes. The company uses a data-driven approach with the help of its team of data scientists and researchers and uses machine learning algorithms to analyze customers' behavior. As of March 2023, MailUp and Contactlab had 9,400 clients in 50 countries, ranked first in the Italian market, and managed 1 billion unique email addresses. The company sends 22 billion emails every year and reported revenues of €25.0 million in 2022 (an increase of 50.6% YoY) and €6.7 million in Q1'2023 (an increase of 56.5% YoY). The growth in revenues of the company can mainly be attributed to the acquisition of Contactlab. MailUp + Contactlab had an ARR of €15.0 million as of March 2023, which is an increase of 29% YoY. The company currently has 200+ employees.

Acumbamail

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, customizable templates, telephone support, 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 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 122,000+ free users, most of whom are in Spain and Latin America. The company has 3,600+ SME clients and generates 73% recurring revenues.

Acumbamail's revenue share before consolidation adjustments was 2.2% of the Group's total revenue in 2022 and Q1'2023. The company achieved 21.6% YoY growth to reach revenues of ca. €2.6 million in 2022 from €2.1 million in 2021 before consolidation adjustments. Acumbamail generated 0.6 million in revenues in Q1'2023, translating to a growth of 13.6% YoY before consolidation adjustments. The company usually has lower growth in its first quarter due to seasonality fluctuations and the Group expects

the revenues to increase in the coming quarters. As of March 2023, the company had an ARR of €2.2 million which is an increase of 15% YoY. 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 is investing in the development of SaaS-led business, with BEE and Datatrics as its primary growth drivers for the next three to five years. Consistent with this transition, the Group decided to adopt the 'rule of 40' as a strategic guideline for its businesses. In line with this thumb rule, the Group will ask its business units to focus on business opportunities that either have rapid revenue growth or high EBITDA generation potential, as the Group targets a combined revenue growth + EBITDA margin percentage figures that add up to at least 40% each year going forward. The Group will focus on the following under this overarching 'rule of 40' principle:

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 grow inorganically by acquiring businesses that can accelerate BEE's internal product development.

Push Products through Increased Sales and Marketing Efforts

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 in achieving this growth. Growens is focused to increase the sales and marketing efforts at BEE by hiring new sales and marketing executives based in the US which is BEE's primary market. Consistent with this, most of the hiring has been in the areas of Sales & Marketing, Customer Success, and Customer Support. 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.

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.

Develop More Capabilities and Features through R&D

The Group expects to invest mostly in the areas of Chat, Analytics, Content Creation, Content Validation, and AI-assisted content creation 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 4.7 billion+ design users by 2023. BEE aims to increase the number of connectors and APIs that it supports to make it compatible with more marketing applications and build 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 developing 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. Going ahead, Datatrics' freemium version is likely to generate more leads with higher conversion potential.

Focus on Inorganic Growth to Continue

Growens' immediate focus is to significantly scale BEE over the next few years. In addition to building a strong marketing team for this, the Group is focused on constantly expanding its library of templates and adding new design features. In line with the Groups aggressive inorganic growth strategy, Growens plans to acquire new businesses that complement or expand BEE's internal product development. We believe the completion of the Email Service Provider business's sale would provide the Group with enough liquidity to continue to grow through this strategy. The liquidity also enables Growens to look at acquisition opportunities beyond Europe, especially in the US, which is BEE's primary market. Growens can also divest Agile and use the additional cash flows for acquisitions and development of BEE if it needs additional capital.

News

[Growens announces verification of certain conditions precedent to Email Service Provider business sale](#)

May 19, 2023

Growens announced that the Presidency of the Council of Ministers notified the resolution of non-exercise of the Italian Government's special powers which is also called Golden Power, regarding the Email Service Provider business sale. The Spanish Ministry of Industry, Trade and Tourism (Ministerio de Industria, comercio y turismo) also notified that the ESP business sale is not subject to authorization under art. 7-bis of Law 4 July 2003, n. 19. Therefore, the Group has satisfied three out of five conditions that were required for the sale of the Email Service Provider business.

[Growens announces the sale of Email Service Provider business to TeamSystem S.p.A](#)

February 3, 2023

Growens signs a binding agreement to sell MailUp, Contactlab, Acumbamail, MailUp Nordics, and Globase business units to TeamSystem S.p.A for a cash consideration of €70 million. The deal will provide Growens with capital to secure the resources needed to boost BEE's development in the medium term and deliver returns to stakeholders.

[Datatrics updates its Customer Data Platform with Audience 2.0 and Touchpoint Builder](#)

December 20, 2022

Datatrics, a business unit of Growens, updated the software for its Customer Data Platform with Audience 2.0 and Touchpoint Builder. Audience 2.0 enables marketers to a 306-degree-customer profile that automatically merges all customer data from 50 different channels. The Touchpoint Builder allows marketers to create personalized touchpoints without coding.

[Growens hires Luca Penati as Chief Marketing and Communications Officer for the BEE business unit](#)

August 29, 2022

Growens announced the strengthening of the BEE business unit with the onboarding of Luca Penati, a former Apple and Ogilvy professional, in the role of Chief Marketing and Communications Officer. Luca Penati will report directly to BEE's CEO Massimo Arrigoni and will be leading marketing and communications worldwide, leveraging the success of BEE's visual builders across many industries and more than 180 countries.

[Growens closed the purchase of 100% of Contactlab S.p.A.](#)

May 4, 2022

Growens announced the final closing of Contactlab S.p.A. acquisition, the primary Italian player in cloud marketing services. Growens purchased 100% shares of Contactlab for a total consideration of €5 million. The transaction involved a payment of €3.75 million in cash and the issuance of 188,822 treasury shares at €6.62 per share. The Selling Shareholders agreed to a lock-up on the Purchase Price Shares for a total of 18 to 48 months following the transaction's closure.

[Growens signed a binding agreement to acquire Contactlab S.p.A.](#)

April 4, 2022

Growens has signed a binding agreement to acquire 100% of Contactlab S.p.A., an Italian company engaged in cloud marketing services. The Group expects to close the acquisition in May 2022. This acquisition is expected to consolidate Growens' leadership in cloud marketing technology in Italy. The transaction involves the purchase of 100% shares of Contactlab for a total consideration of €5 million to be paid via €3.75 million in cash and 188,822 treasury shares at €6.62 per share. Growens will also pay Contactlab's current shareholders an earn-out of up to €6.6 million upon meeting certain targets between 2022 and 2024.

[Growens launched Freemium version of Datatrics](#)

February 21, 2022

Growens has launched a freemium version of the AI-based predictive marketing platform developed by its Datatrics business unit. This will allow users to create a free account and explore its cutting-edge features and pay only to access more sophisticated paid features.

[Growens opened the Cagliari Innovation Lab together with CREA and The Net Value](#)

February 8, 2022

Growens has collaborated with CREA, the Center for Innovation and Entrepreneurship of the University of Cagliari (Italy), and The Net Value, the community of innovators founded in 2009 to support innovation and digital entrepreneurship in Sardinia. Together they have opened the Cagliari Innovation Lab, a new research & development center dedicated to digital and technological innovation.

[Massimo Arrigoni Exercised 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 option to subscribe to 250,000 newly issued shares of BEE Content Design for a total consideration of USD 2,500. Pursuant to this transaction, BEE Content Design has 5,250,000 outstanding shares, of which 4.76% are owned by Mr. Arrigoni and the rest by Growens S.p.A.

[Growens Entered "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 450 Italian companies with the highest average compound sales growth rate in the 2017-2020 period.

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

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Major Shareholders as on May 31, 2023

Equity Holder	No. of ordinary shares held (mn)	% Shareholding
Alberto Miscia	1.60	10.4%
Nazzareno Gorni	1.60	10.4%
Matteo Monfredini	1.60	10.4%
Luca Azzali	1.54	10.0%
Matteo Bettoni	1.51	9.8%
Pronti Gianluca	0.91	5.9%
BMC Holding*	0.42	2.7%
Treasury Shares	0.06	0.4%
Free Float (Market)	6.14	39.9%
Total	15.39	100%

Source – Growens Presentation

*Subject to lock-up (all or in part)

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 S.r.l. in 1999, a company specializing in network engineering & web applications
- Co-founded Growens S.p.A. 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's 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's in Professional Coaching
- Started as an analyst at the Equity Market Listing of the Italian Stock Exchange, after which she became Capital Markets Manager of Centrobanca, UBI Banca, and Capital Markets Director of Banca Esperia
- Member of the Italian Bishops' Conference Investment Committee
- Former member of promoter team and Board of Directors of Gabelli Value for Italy SPAC

Paola De Martini

Independent Director

- Graduated in Law with a Ph.D. in Public Finance and a Master's in International Business Transactions
- Board Member of Renergetica and Independent Board Member Remuneration and Related Parties Operations Committees of Banca Monte dei Paschi di Siena
- Chairman of the Domestic and International Arbitration Chamber of Rome
- Former Executive Vice President of Coca-Cola European Partners, STMicroelectronics, Luxottica Group, Grimaldi Group, and Bulgari and former Independent Board Member of Banca Popolare di Milano and Tiscali

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 assets under management
- Former senior manager at Cattolica Assicurazioni, PwC and EBlab

Services

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

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 the 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 launched a freemium version of Datatrics with limited features in February 2022. The free version is intended to act as a lead generator to increase subscriptions to the full-service paid version.

BEE Content Design Inc

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 pages, 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.

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 22 billion+ emails per year in nine different languages. The platform's SMS deliveries are managed by Agile Telecom. MailUp sends SMSs to 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.

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 user base 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.

Contactlab

Contactlab is a SaaS platform that provides top-quality products and services to maximize customer engagement strategies and design digital marketing campaigns, via the integrated offer of two divisions:

- a. Tech Division (Contactlab Marketing Cloud product):** It is a proprietary SaaS platform, developed in-house that allows its users to (i) collect data on customer behaviors, (ii) gain insights and create customer segments, also via artificial intelligence, (iii) automatically develop multi-channel personalized campaigns, and (iv) analyze the return on investments. The product is scalable and suitable to different client needs, is offered as a SaaS platform (cloud, IT system externalization), and relies on quick and customizable APIs, which can integrate into the client ecosystem and external tools. The platform embeds the BEE Plugin (a product of the Growens Group) for digital content creation.
- b. Agency Division (professional services):** It provides consulting and digital training services, as well as multi-channel and loyalty marketing strategies. The offer also includes a 24/7 operations team to support customers in executing global campaigns. Services are provided by experienced personnel, cover the main marketing platforms, and support global clients with coverage in English and across time zones.

Following the acquisition by the Growens Group, the Tech Division activity was combined and coordinated with the MailUp business unit, thus increasing the service range to serve more sophisticated clients with real-time data management and marketing automation. Contactlab’s staff functions are being rationalized and integrated into Growens’ holding structure. Growens and Contactlab structures will be completely integrated, considering the current competence and seniority layout, aiming at enhancing both similar and complementary know-how. Following the transaction, Massimo Fubini (former CEO and founder of Contactlab) is responsible for the combined MailUp+Contactlab business unit.

The combined business unit enjoys an NPS of 40, 57% recurring revenues, and 94% net revenue retention as of March 2023. Mailup + Contactlab had a 50.6% YoY revenue growth, reporting revenue of €25.0 million in 2022, including the consolidation of Contactlab in May 2022. Mailup + Contactlab generated revenues of €6.7 million in Q1’2023, an increase of 56.5% YoY before consolidation adjustments.

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 tool.

Technology

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.

Datatrics

Datatrics' 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. Datatrics 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 the services of group companies Agile and BEE for SMS support and content creation, respectively.

MailUp + Contactlab

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.

Contactlab's SaaS platform is built on advanced proprietary machine learning and artificial intelligence capabilities that enable it to analyze customer behavior in real time and help marketers improve their conversion rates by targeting the correct audience. Each process including system integration, contact

strategies, and the delivery of multi-channel marketing campaigns, is simplified to provide users the best possible experience. The platform has complex analytical capabilities to help companies evaluate the impact of their digital marketing campaigns across all sales channels and make adjustments to achieve better results. The platform is highly scalable and comes with customizable APIs for integration with external software, including leading CRMs and third-party marketing products that customers use.

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 11,000+ in 2023ⁱ.

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 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 at \$5.2 billion in 2022 and is expected to reach \$9.5 billion by 2027, growing at a compounded annual growth rate ("CAGR") of 12.8% during the forecasted periodⁱⁱ.

Attractive new opportunities are emerging throughout this long MarTech value chain – right from data collection to analysis and implementation. These opportunities have inspired several Mergers & Acquisitions 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 with 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 forms 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 4.3 billion in 2022 to 4.7 billion in 2026ⁱⁱⁱ. In 2022 alone, 333.2 billion emails were sent and received per day. This is expected to increase to 376.0 billion by 2025^{iv}. Email continuing to remain a critical marketing communication tool in the foreseeable future is, therefore, undoubtedly, 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 app authentication, and availability of cost-effective cloud-based solutions. Consequently, the value of the SMS marketing segment is expected to increase from \$5.8 billion in 2019 to \$26.3 billion by 2030, growing at a CAGR of 23.1% during the period^v.

Emerging Trends^{vi}

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 on 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. Execution Efficiency

Budgets are being shifted away from human resources, 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. Rising price levels and the resulting macroeconomic uncertainties, especially in the European Union, following Russia's invasion of Ukraine, have led to a decline in consumer spending. 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** economic risk profile. These economic risks are mitigated to some extent by the integral nature of MarTech investments for modern-day enterprises and their relatively small share of the enterprise's overall budget.

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 fulfill 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. While Agile telecom has a regular Net Working Capital dynamic, the other SaaS businesses have an inverted net working capital dynamic where subscriptions are paid for in advance, usually by credit card, therefore, the Group's SaaS business also has **LOW** credit risk. 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 unit organically, BEE is not likely to require external funds as it is generating enough cash to finance its organic growth. We believe the completion of the Email Service Provider business's sale approximately by the end of June 2023 would provide the Group

enough liquidity for its operational requirements as well as to finance acquisitions and invest in other growth initiatives without raising significant 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. Since a high percentage of Growens' debt is variable rate debt, and sovereign interest rates have increased in Europe, the Group might experience interest rate-related discomfort in the near future. But the Group's interest coverage ratio is high and the Group is well equipped with cash and cash equivalents to pay off its debt and 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 a **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

Revenue: Growens' revenues increased from €71.2 million in 2021 to €103.4 million in 2022, translating to a 45.1% YoY growth. In 2022, the increase in revenue was driven by the growth of both SaaS and CPaaS components. The SaaS component grew by 48.3% YoY, and it contributed 37.4% to the total revenues. The Group also released its SaaS ARR, which was €29.4 million as of March 2023, an increase of 23.3% YoY. The CPaaS component grew by 43.7% in 2022 YoY and contributed 61.3% to the total revenues in 2022. BEE's revenues also grew at 59.0% over this period. However, this growth did not have a significant impact on the Group's overall growth since BEE's revenues represented 7.6% of the Group's revenues in 2022. Foreign revenues increased by more than 72.0% and reached €65.8 million, accounting for 65.0% of overall sales. Recurring revenues accounted for 28.0% of the total turnover during the same period, increasing by more than 33.0% YoY.

The Group reported revenues of €24.2 million in Q1'2023, an increase of 14.0% YoY. The increase in revenues can majorly be attributed to the increase in SaaS revenues which increased from €7.4 million in Q1'2022 to €10.2 million in Q1'2023, a growth of 38.8% YoY. Agile Telecom generated €14.9 million in revenues in Q1'2023, which was the highest amongst all the business units of the Group. The majority of the growth in Revenues in the coming years is expected from BEE, which reported an ARR of €10.8 million as of March 2023.

Costs: Growens' Cost of Goods Sold increased from €47.4 million in 2021 (66.6% of revenues) to €72.5 million in 2022 (70.2% of revenues). The increase in Cost of Goods Sold can majorly be attributed to the increase in Purchases COGS which increased from €42.2 million in 2021 to €62.1 million in 2022. Growens' Selling, General, and Administrative Costs as a percentage of revenue decreased marginally from 26.1% in 2021 to 25.9% in 2022. The decrease in Selling, General, and Administrative Costs as a percentage of revenue was caused by a decrease in Sales and Marketing Costs, which decreased from 10.3% of revenues in 2021 to 9.7% of revenues in 2022. In absolute terms, Sales & Marketing costs and Research & Development costs increased by 36.3% and 42.0% in 2022 YoY, respectively. The increase in R&D costs was related to BEE's development. General & Administrative expenses also increased due to one-off acquisition costs of Contactlab, partially offset by the incremental performance brought on by Contactlab's integration, starting from May 1, 2022.

Profitability: The Group's gross margins decreased from 33.4% in 2021 to 29.8% in 2022. In 2022, the Gross Profit and EBITDA margin were affected by a range of factors including the sale of some strategically important routes, which resulted in high top-line growth but lower Gross Margin. Growens' Gross Profit increased from €6.3 million (29.6% of revenues) in Q1'2022 to €7.8 million (32.2% of revenues) in Q1'2023, translating to an increase of 24.3% YoY. The Group reported an EBITDA of €4.1 million (4.0% of revenues) in 2022, translating to a decrease of 21.2% YoY. Growens reported an EBITDA of €0.8 million (3.3% of revenues) in Q1'2023, which translates to a decrease of 27.5% YoY. Growens' EBITDA margin decreased from 5.2% in Q1'2022 to 3.3% in Q1'2023, primarily because of an increase in R&D costs majorly related to the development of BEE (which increased by approximately 65%) and advisory and execution costs related to the sale of the Email Service Provider business. The Group's Net Profit fell from €0.4 million in 2021 (0.5% net margin) to a Net Loss of €2.6 million (-2.5% net margin). The Group expects to restore its profit margins leading to steady profit growth over the years.

Despite potentially slowing growth in SMS revenues, we expect SMS revenues to continue accounting for over 60% of the Group's revenues until 2028. We expect BEE's revenue share to increase from 7.6% of total revenues in 2022 to over 28% of total revenues in 2028. We expect the Group's EBITDA margin to be 5.1% in 2028 and Net Margin to be 4.1% in 2028.

Capital Structure: Growens' Total Shareholders' Equity increased from €7 million in December 2016 to €17.1 million in December 2022. The Group's Debt-to-Equity ratio fell from 0.5x as of December 2016 to 0.4x as of December 2022. We expect the Group's need for leverage to go down in the next few years as its equity reserves build further.

Liquidity Position: Growens' cash ratio decreased from 0.30x to 0.22x and the current ratio increased from 0.63x to 0.78x from December 2016 to December 2022. This indicates a significantly better but still consistently tight liquidity position that can be owed to the Group's low-profit margins. 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 EUR 000s unless mentioned otherwise)</i>	2018	2019	2020	2021	2022
Revenue	40,203	60,797	65,234	71,237	103,358
<i>YoY Growth Rate</i>	47.2%	51.2%	7.3%	9.2%	45.1%
Cost of Goods Sold (COGS)					
Purchase Cost	22,567	38,070	39,116	42,236	62,125
Services Cost	1,350	2,493	2,706	3,026	4,827
Cost of Rents & Leases	29	17	12	11	51
Payroll Cost	2,835	3,467	2,548	2,113	5,518
Sundry Operating Expenses	37	62	55	51	17
Total Cost of Goods Sold	26,817	44,108	44,437	47,437	72,538
<i>% of Total Revenue</i>	66.7%	72.5%	68.1%	66.6%	70.2%
Gross Profit	13,386	16,689	20,797	23,800	30,821
<i>% of Total Revenue</i>	33.3%	27.5%	31.9%	33.4%	29.8%
<i>YoY Growth Rate</i>	16.1%	24.7%	24.6%	14.4%	29.5%
SG&A Costs					
Sales & Marketing (S&M) Costs	2,938	4,407	6,067	7,324	9,986
Research & Development (R&D) Costs	1,063	1,635	2,855	3,175	4,507
General Costs	5,616	5,851	6,785	8,100	12,230
Total SG&A Costs	9,617	11,894	15,707	18,599	26,723
<i>% of Total Revenue</i>	23.9%	19.6%	24.1%	26.1%	25.9%
EBITDA	3,769	4,795	5,089	5,201	4,098
<i>% of Total Revenue</i>	9.4%	7.9%	7.8%	7.3%	4.0%
<i>YoY Growth Rate</i>	30.9%	27.2%	6.1%	2.2%	-21.2%
Depreciation, Amortization & Provisions	1,872	2,946	3,709	4,069	6,945
EBIT	1,897	1,850	1,381	1,132	(2,847)
<i>% of Total Revenue</i>	4.7%	3.0%	2.1%	1.6%	-2.8%
Net Financial Income / (Charges)	21	(27)	(179)	(50)	(273)
EBT	1,918	1,822	1,202	1,082	(3,120)
<i>% of Total Revenue</i>	4.8%	3.0%	1.8%	1.5%	-3.0%
Effective Tax (incl. Prepaid / Advanced / Deferred Tax)	663	672	636	714	(556)
Net Income / (Loss)	1,255	1,150	566	368	(2,564)
<i>% of Total Revenue</i>	3.1%	1.9%	0.9%	0.5%	-2.5%

Balance Sheet – Historical

<i>(All figures in EUR 000s unless mentioned otherwise)</i>	2018	2019	2020	2021	2022
Non-Current Assets					
Tangible Fixed Assets	1,095	1,774	1,701	1,451	1,204
Intangible Fixed Assets	4,001	4,313	5,109	6,934	10,942
Goodwill	16,711	16,711	16,556	15,326	17,400
Equity Investments in Associates and Joint Ventures	117	119	123	201	261
Other Non-Current Assets	229	107	848	-	1,306
Deferred Tax Assets	1,199	1,116	1,191	291	1,832
Total Non Current Assets	23,352	28,770	29,230	27,372	35,229
Current Assets					
Trade Receivables	8,364	11,292	10,354	12,465	16,721
Other Current Assets	3,102	4,248	5,143	-	2,034
Cash & Cash Equivalent	7,712	8,947	9,866	13,325	7,154
Total Current Assets	19,647	24,977	25,363	25,790	25,909
TOTAL ASSETS	42,999	53,747	54,593	53,162	61,138
Equity					
Share Capital	373	374	374	374	385
Reserves	14,301	15,449	16,344	16,775	19,279
Profit (Loss) for the Year	1,255	1,150	565	387	(2,516)
Shareholders' Equity of Minority Interests			-	(6)	(60)
Total Shareholders' Equity	15,930	16,973	17,283	17,531	17,088
Non-Current Liabilities					
Payables to Banks & Other Financiers	343	1,445	3,383	2,271	4,129
Liabilities of Right of Use Long Term	-	3,629	2,697	2,300	1,521
Provisions for Risks & Charges	178	200	89	937	355
Provisions for Severance and Pension	1,321	1,719	1,984	2,266	3,976
Deferred Taxes	258	419	542	-	916
Other Non-Current Liabilities	3,748	3,000	3,000	-	-
Total Non Current Liabilities	5,849	10,412	11,694	7,774	10,896
Current Liabilities					
Trade Payables	8,077	12,964	11,827	14,190	14,872
Short Term Debt	1,472	992	986	1,235	1,881
Liabilities Right of Use Short Term	-	1,018	1,029	998	818
Other Current Liabilities	11,671	11,389	11,774	11,435	15,583
Total Current Liabilities	21,220	26,362	25,616	27,858	33,154
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	42,999	53,747	54,593	53,162	61,138

Income Statement Summary – Projected

<i>(All figures in EUR 000s unless mentioned otherwise)</i>	2023P	2024P	2025P	2026P	2027P	2028P
Revenue	97,815	92,429	102,872	111,925	118,991	125,695
<i>YoY Growth Rate</i>	-5.4%	-5.5%	11.3%	8.8%	6.3%	5.6%
Gross Profit	24,546	20,392	25,591	30,585	35,033	39,114
<i>% of Total Revenue</i>	25.1%	22.1%	24.9%	27.3%	29.4%	31.1%
<i>YoY Growth Rate</i>	-20.4%	-16.9%	25.5%	19.5%	14.5%	11.6%
EBITDA	340	2,308	3,491	4,334	5,186	6,439
<i>% of Total Revenue</i>	0.3%	2.5%	3.4%	3.9%	4.4%	5.1%
<i>YoY Growth Rate</i>	-91.7%	578.3%	51.3%	24.2%	19.6%	24.2%
EBIT	(3,582)	2,060	3,277	4,154	5,036	6,314
<i>% of Total Revenue</i>	-3.7%	2.2%	3.2%	3.7%	4.2%	5.0%
EBT	(4,826)	2,054	3,271	4,148	5,030	6,308
<i>% of Total Revenue</i>	-4.9%	2.2%	3.2%	3.7%	4.2%	5.0%
Net Income / (Loss)	57,035	1,688	2,688	3,409	4,133	5,183
<i>% of Total Revenue</i>	58.3%	1.8%	2.6%	3.0%	3.5%	4.1%

Balance Sheet – Projected

<i>(All figures in EUR 000s unless mentioned otherwise)</i>	2023P	2024P	2025P	2026P	2027P	2028P
Non-Current Assets						
Tangible Fixed Assets	47	32	23	16	12	9
Intangible Fixed Assets	1,280	1,067	890	744	625	529
Goodwill	14,300	14,300	14,300	14,300	14,300	14,300
Total Non Current Assets	15,626	15,400	15,213	15,060	14,937	14,837
Current Assets						
Trade Receivables	15,686	17,581	19,329	20,790	21,863	22,957
Other Current Assets	1,393	1,533	1,682	1,827	1,958	2,077
Cash & Cash Equivalent	61,833	62,965	65,264	68,216	71,879	76,658
Total Current Assets	78,911	82,078	86,275	90,832	95,699	101,692
TOTAL ASSETS	94,538	97,478	101,487	105,893	110,636	116,529
Equity						
Share Capital	385	385	385	385	385	385
Reserves	16,763	73,798	75,486	78,174	81,582	85,715
Profit (Loss) for the Year	57,035	1,688	2,688	3,409	4,133	5,183
Shareholders' Equity of Minority Interests	(60)	(60)	(60)	(60)	(60)	(60)
Total Shareholders' Equity	74,123	75,811	78,499	81,907	86,040	91,223
Current Liabilities						
Trade Payables	16,668	17,808	19,017	19,918	20,456	21,063
Short Term Debt	206	206	206	206	206	206
Liabilities Right of Use Short Term	-	-	-	-	-	-
Other Current Liabilities	3,540	3,653	3,765	3,862	3,934	4,037
Total Current Liabilities	20,415	21,668	22,989	23,985	24,596	25,306
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	94,538	97,478	101,487	105,893	110,636	116,529

Valuation

Equity Value of Growens stands between **€102.9 million and €125.8 million**

Equity Value per share for Growens stands between **€6.69 and €8.17**

(All figures in € thousands)

Valuation Approach	Variance	Equity Value as on 27-Jun-2023	Price per Share (€)
Downside Case	-10%	102,932	6.69
Base Case	0%	114,369	7.43
Upper Case	10%	125,806	8.17

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 a 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 27-Jun-2023	Price per share (€)	Weight (%)
Listed Company Analysis	95,401	6.20	50%
DCF Valuation	133,337	8.66	50%
Weighted Average Equity Value	114,369	7.43	100%

1. Listed Company Analysis

Listed Comparably Analysis method operates under the assumption that similar companies will have similar valuation multiples such as EV/Sales and EV/EBITDA. 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 and EV/EBITDA 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 and Contactlab.

The weights allocated to the comparable companies were based on the degree of their business match with the subject company. The expected deal consideration was deducted from the combined equity value to calculate equity value of the merged entity.

Growens without Email Service Provider business

(All figures in € thousands)

Relative Valuation based on:	Weight	Equity Value as on 27-Jun-2023	Implied Share Price (€)
EV/Sales	20%	119,133	7.74
EV/EBITDA	80%	7,271	0.47
Weighted Average Equity Value	100%	29,643	1.93

Growens' Value After Deal Consideration

(All figures in € thousands)

	Equity Value as on 27-Jun-2023	Implied Share Price (€)
Weighted Average Equity Value of Growens without Email Service Provider business	29,643	1.93
Add: Present Value of Expected Deal Consideration	65,758	NM
Equity Value After Accounting for Expected Deal Consideration	95,401	6.20

Stock Exchange	Ticker	Company Name	Business Match %	EV/Sales	EV/EBITDA
London Stock Exchange	DOTD	DotDigital Group PLC	50%	3.7	11.1
New York Stock Exchange	KLR	Kaleyra, Inc.	65%	0.6	NM
Borsa Italiana	NSP	Neosperience SpA	50%	2.3	9.3
Borsa Italiana	EXAI	ExpertAi SpA	45%	2.5	NM
Euronext Amsterdam	CMCOM	CM.com NV	60%	1.1	NM
Nasdaq Copenhagen	AGILC	Agillic A/S	45%	4.1	34.4
New York Stock Exchange	HUBS	HUBSPOT, INC.	40%	15.1	NM
NASDAQ Stockholm	SINCH	Sinch AB (publ)	50%	1.1	4.9
Borsa Italiana	DATA	Datrix SpA	40%	0.8	NM
Median				2.3	10.2
Mean without Outliers				2.2	8.4
Weighted Average without Outliers				1.5	6.8
Euronext Growth Milan	GROW	Growens S.p.A.		1.3	109.9

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 (2024 – 2028).
- **Terminal Value:** Terminal value is based on terminal growth rate of 3.0%.

The following table calculates the weighted average cost of capital of Growens. The expected return on the market is assumed for the broader market.

Weighted Average Cost of Capital

Valuation	
Risk free rate (Rf)	4.1%
Beta	0.4
Market Risk Premium	9.7%
Cost of Equity	8.3%
Interest Rate Paid on Debt	5.0%
Assumed Weight – Debt	5.0%
Assumed Weight – Equity	95.0%
Weighted Average Cost of Capital (WACC)	8.1%

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)					
	2024	2025	2026	2027	2028
Net Income	1,688	2,688	3,409	4,133	5,183
Add: Depreciation and Amortization	248	214	180	150	125
Add: Interest Expense x (1-Tax Rate)	5	5	5	5	5
Less: CAPEX	21	26	28	27	25
Less: Increase in Net Working Capital	782	576	609	594	503
Free Cash Flow to Firm (FCFF)	1,137	2,303	2,957	3,667	4,784
Terminal Value					97,063
Present Value of Free Cash Flow to Firm (FCFF)	1,052	1,972	2,342	2,688	3,244
Present Value of Terminal Value					65,825

Valuation	
Enterprise Value as on 31-Dec-2023	77,123
Equity Value as on 31-Dec-2023	138,750
Equity Value as on 27-Jun-2023	133,337
Number of Shares Outstanding (in thousands)	15,393
Value per Share (€)	8.66

Analyst Certifications

We, Aditya Ahluwalia and Karan Mehta, 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 2022 and will receive further fees in 2023 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 2023.

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.

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Appendix

Glossary

SaaS	Software-as-a-Service
CPaaS	Communication-Platform-as-a-Service
AIM	Alternative Investment Market
ARR	Annual Recurring Revenue
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

ⁱ MarTech: What is martech and marketing technology?

ⁱⁱ Markets and Markets: Marketing Automation Market

ⁱⁱⁱ Oberlo: How many people use email?

^{iv} Zippia: How many emails are sent per day?

^v Verified Market Research: SMS Marketing Software Market Size and Forecast

^{vi} WARC: Six martech trends to watch in 2021