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Oggetto : Acquisition of RGE and Beefree 3y plan

Testo del comunicato

Vedi allegato



PRICE SENSITIVE

PRESS RELEASE

Growens acquires email design business of US-incorporated Really Good Emails, Inc. via the American subsidiary BEE Content Design, Inc.

Guidance on Beefree's three-year plan:

ARR as of end 2024 USD 15 - 18 million

ARR as of end 2026 USD 30 - 35 million

- *The deal consideration is USD 600,000, plus an Earn-out up to USD 6 million upon certain 2024-2026 targets*
- *The acquisition will substantially contribute to consolidate the Group leadership position in the digital content design space*

Milan, 15 April, 2024 – Growens S.p.A. – GROW (the “**Company**” or the “**Issuer**” or “**Growens**”), a company admitted to trading on the multilateral trading facility Euronext Growth Milan and operating in the cloud marketing technology field, announces that today their American subsidiary **BEE Content Design, Inc. (“Beefree”)** closed an asset purchase agreement governed by US law (“**APA**”) for the acquisition of the email design business of US-incorporated Really Good Emails, Inc. (“**RGE**”) (the “**Transaction**”).

RGE owns a website and software offering a wide array of email templates. The synergy between RGE's email template catalogue, allowing users to gather inspiration for campaign design, and Beefree's software, which in turn allows to effortlessly design beautiful email campaigns, will allow the US subsidiary to increase their audience and the number of customers.

The Transaction involves the purchase of RGE's assets, among which notably the website, the software, customer contracts and brands, for a total consideration up to USD 600,000, plus an earn-out up to USD 6M upon certain 2024-2026 profitability targets (the “**Earn-out**”).

Following the Transaction, Mike Nelson and Matt Helbig, co-founders of RGE, will take on operating roles at Beefree.

Matteo Monfredini, Chairman and founder of Growens, stated *"RGE's acquisition is consistent with our strategic goal to increase Beefree's growth, while creating organizational and go-to-market synergies. We devoted significant time and resources to the Transaction, with the intention of building a solid business plan, highlighting the perspective and expectations concerning our fastest growing business"*.

Nazzareno Gorni, CEO and founder of Growens, stated *"Beefree's goals are both ambitious and challenging, from both a technological and competitive perspective. Based on our best current information, we believe that the integration of RGE and the implementation of generative AI-related innovation will allow us to reach Beefree's operating break-even in 2025 and cash break-even in 2026, bringing on a solid double-digit top line growth and a long-term EBITDA in line with the best market standards."*

Massimo Arrigoni, CEO of Beefree, stated *"Inspiration is such a key piece of content creation, and often the step that's right before design tools like Beefree come into the picture. RGE always felt like a natural extension of what we do and gets us closer to our mission. We are truly excited to invest in the brand, in the tools, and in the fantastic community around it."*

RGE AND TRANSACTION RATIONALE

The main asset of the Transaction is the website and related software of RGE, which offers a vast collection of email templates, divided into various categories (marketing emails, welcome emails, order confirmation emails, etc.) from which users can draw inspiration. RGE's revenues in 2023 amounted to approximately USD 250,000.

Bringing together RGE's vast email template catalogue and Beefree's intuitive design tools will unlock new ways to close the gap between finding inspiration and creating valuable content from it. The presence of over 15,000 quality email templates bears the potential to attract a wider audience for Beefree, including those who are not experts in design or content creation, allowing the company to maximize brand visibility and increase the pool of potential customers seeking intuitive and accessible solutions.

Over the past decade, RGE has led campaigns for some of the largest global brands and has built a community of users, with over 220,000 subscribers to the newsletter and hundreds of participants in the event called "Unspam," which attracts experts and enthusiasts of email design from around the world. This community, and the dialogue that develops within it, allows for a deeper understanding and sometimes anticipation of market needs and trends, in order to guide and validate strategic research and development choices. This aspect is even more relevant in this period of paradigmatic transformation linked to the spread of generative artificial intelligence technologies.

The Transaction represents a strategic opportunity to enrich Beefree's offer, enhancing customer experience, differentiate from the competition and expand the client base, thus contributing to the growth and success of the Company and its Group.

For further information, please refer to the website reallygoodemails.com.

TRANSACTION STRUCTURE AND DETAILS

The Transaction contemplates the purchase of RGE's business by Beefree, for a total consideration up to USD 600,000, plus an earn-out up to USD 6M, of which up to USD 3M payable in Growens shares at Beefree's choice, upon certain 2024-2026 profitability targets based on Beefree's ARR generated by new customers from RGE's website.

The APA includes usual provisions for similar deals, among which: (i) appropriate representations and warranties from the sellers, and related indemnity obligations in favor of Beefree, (ii) non-compete and non-solicitation of employees, (iii) certain *lock-up* undertakings on the eventual Earn-Out shares.

Finally, in order to ensure RGE's current management's collaboration and continuity, the Transaction also envisages the signing of an employment contract between Beefree and Mike Nelson and Matt Helbig, as well as their potential inclusion in Beefree's incentive plans. Following the Transaction, it is also planned that Mike Nelson (co-founder of RGE) will assume the role of Head of Growth and that Matt Helbig (co-founder of RGE) will take on the role of Senior Email Marketing Manager. Justine Jordan, appointed Head of Strategy & Community at Beefree in early January, has contributed to organize and lead the Unspam events.



The Transaction does not constitute a "*related party transaction*" according to the relevant Issuer procedure and applicable law, nor a significant transaction under Euronext Growth Milan Issuers Regulations.

The Issuer was assisted by Herbert Smith Freehills and Valla Morrison & Schachne Inc., as legal advisors.

This press release is online on www.emarketstorage.com and on the Issuer website growens.io, Investor Relations/Press Releases section.



BEEFREE DEVELOPMENT PLAN

Introduction – Sector and Competitive Context

Over the last fifteen years, design has become more accessible thanks to tools like Canva and Adobe Express, which also enable users without technical skills to create various digital contents. Despite advancements, email service providers still have room for improvement in their graphic modeling offerings. Beefree has distinguished itself as a pioneer in the niche of Email Visual Builders since 2014, in a market now crowded with venture capital-backed players. Generative artificial intelligence is revolutionizing the sector in various areas, from content production to reporting, with an increase in

demand for content expected in the coming years. In this context, Growens have strengthened their investments in Beefree to capitalize on these developments and maintain competitiveness.

Summary of Beefree's Three-Year Plan 2024-2026

Beefree's mission is to democratize the design of complex digital assets - such as emails and landing pages - by creating tools that empower people to do their best work.

The strategic guidelines shared by Growens and Beefree aim to achieve positive development in both its operating segments, Beefree and Beefree SDK, leveraging proprietary technology and its historical critical success factors: responsible business approach, innovation and growth, product-led growth.

Following the integration with RGE, the organic growth strategic plan of the Beefree business unit includes the following objectives:

- Revenue CAGR 2023-2026 exceeding 35%
- Steady-state gross margin (2026) exceeding 75%
- Headcount CAGR 2023-2026 exceeding 5%, particularly in Customer Experience, Marketing, Sales, R&D departments (excluding personnel currently in Holding, approximately 50 people distributed in Finance and Control, Legal, HR, IT, Data departments)
- EBITDA break-even in 2025
- Steady-state EBITDA margin exceeding 15%
- CAPEX 2024-2026 approximately USD 15 million
- Negative cash flow in the biennium 2024-2025 for USD 8-10 million, breaking even in 2026
- ARR as of December 2026 between USD 30-35 million

Regarding M&A, the approach remains opportunistic, focused on the constant scouting activity of companies of all sizes and geographies, capable of accelerating the growth process in Beefree's characteristic areas of activity, expressing synergies in terms of complementary technologies, people, or go-to-market.

Target for 2024

For the year 2024, Beefree's budget guidelines include:

- The launch of a new commercial package offering for Beefree (March 2024) and Beefree SDK (by Q3 2024)
- In R&D, the development of new features leveraging generative AI, introduction of incremental improvements, launch of a multi-region infrastructure, new features for the Enterprise market, and new connectors to integrate new platforms into Beefree
- Go-to-market initiatives, leveraging resources acquired with RGE: partnerships, community, indirect channel development, multilingual approach, development of a new Growth Marketing team

As a result of these activities, the expected ARR by the end of 2024 is between USD 15-18 million.

Disclaimer

The Beefree Development Plan includes forward-looking statements that may not reflect actual future results due to various uncertain factors beyond the control of Growens and Beefree. These statements are based on assumptions and projections that may not materialize as expected, thereby influencing the future results of Growens and Beefree. The Company does not guarantee the updating of forward-looking statements, unless required by law, and these should not be used as a reliable indication of future performance. Additionally, the provided Plan is for informational purposes only and does not constitute an offer to sell or a solicitation to buy financial instruments. Finally, the distribution of the Plan may be subject to restrictions in certain jurisdictions. Neither the Company nor any member of the Group nor any of its or their representatives, directors, or employees assume any obligation of any kind regarding this Plan or its contents or in relation to any losses arising from its use or reliance on it.



Growens (GROW) is a leading European player in the field of Cloud Marketing Technologies, serving thousands of clients worldwide. Its SaaS and CPaaS solutions allow SMEs and large corporations globally to master the evolving ways of communicating with customers. Starting from the original business MailUp the Group grew steadily since 2002, both organically and via M&A, peaking with the launch of innovative products such as [Beefree.io](https://beefree.io).

The company is admitted to trading on the Euronext Growth Milan (EGM) market managed by the Italian Stock Exchange, with a free float above 31%.

ISIN IT0005040354 - Reuters: GROW.MI - Bloomberg: GROW IM

Media & Guidelines: <https://growens.io/en/media-guidelines>

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