



## The Digital Box reports results for the First Semester 2019.

*All figures in K(000)€*

*Gravina, Italy, September 13th 2019*

*The Digital Box, a leading developer of Artificial Intelligence technologies positioned to accelerate business growth in the Digital Marketing industry as well as Corporate Services, today announced the financial results for its first Semester 2019.*

**For the First Semester 2019 Net Bookings\* were 3,411K€, a 14% decrease compared to the First Semester of 2018.** Overall costs were below budget and H1 2018 with a resulting group **EBITDA of 192K€, a 33,0% decrease compared to the First Semester 2018.**

The MRR (**Monthly, Recurring, Revenues**) for the month of June and QRR (**Quarterly Recurring Revenues**) for the 2<sup>st</sup> Quarter 2019 were 331K and 994K respectively compared to 326K and 978K in the Month of June and second Quarter 2018 respectively, with a 2% increase.

*"The first 6 months of 2019 were challenging for the Company" said Roberto Calculli, the CEO of The Digital Box "as we significantly adjusted our sales model away from the Master Reseller model, so to focus directly on our key customers: small and medium Marketing Agencies fully certified to improve their efficiency.*

*In November 2018, we launched ADA X, the upgraded version of ADA, our Marketing Platform. In January, we introduced ADA for Partners, a special partnership program addressed to Agencies. For the first six months, we involved 42 new agencies for Italy and 8 for Spain, and we also closed an important agreement with a Russian partner. The partnership program suffered a delay in the certification processes with the first certification that took place in Italy in July instead of at the end of March. This delay had an impact on sales that the certified agencies would already have brought in Q2 2019.*

*The decline in recurring sales is due to a negative impact of the transfer of some old partners from the Master Reseller model to the ADA X model. The Master Reseller was buying a significant initial subscription with accounts purchased in stock. Our new model simplifies the relationship with the Marketing Agencies as it's on actual sales made from certified agencies to end customers."*

*"Despite these initial problems we are satisfied about our ability to reduce the operating costs in order to preserve the profitability" said Virgilio Picca, CFO of The Digital Box.*

In 2018, The Digital Box has become an AI company and has significantly enhanced ADA, its leading All-in-one Marketing platform with several significant AI-Powered components to improve usability, effectiveness in the interaction with end users and ultimately conversion rates. A new AI-based product was released to the market: ALGHO, a multilingual and multi-channel platform that exploits highly advanced AI technologies to build Virtual Assistants, perfect for any business. In the first semester, we start with the subscription of ALGHO, and we were very satisfied with the performance and results.

The management team remain optimistic about the year 2019 because of the early results of the new direct sales effort, also reflected in the steady growth of our MRR and QRR. Good traction and growth are also expected for our AI Business.

*"On July 31<sup>th</sup>, 2019, a leading Italian system integrator Exprivia-Italtel entered the capital of our subsidiary QuestIt acquiring a 20% stake. I believe this open innovation operation carried out by Exprivia is an important driving force for our artificial intelligence technologies on enterprise companies said Roberto Calculli, CEO of the Digital Box"*

### The Digital Box S.p.A.

**Headquarter:** Largo San Francesco, 5 - 70024 Gravina in Puglia (BA) | **Capital** € 112.412,00 i.v. - **P. Iva** 08091690969

**Operational Headquarter:** Via C. Maria Colacicco, 8 - 70023 Gioia del Colle (BA) | **International Operations:** Torre Copisa, Plaça Europa, 2-4, 08902 Hospitalet de Llobregat - Barcelona | **Innovation Lab:** QuestIT S.r.l. - A The Digital Box Company - Via Firenze, 33 - 53048 Sinalunga (SI)

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"I'm very happy to announce that The Digital Box has been selected together with other 10 Italian scaleup to the European Techshare program of Euronext Paris. The company will start a training and preparation period for a future potential IPO in Euronext. I'm very proud to represent together with the other 10 Italian companies the elite of high growth tech company in our country"

**The Digital Box Group – Profit & Loss for H1 2019** (All figures in K€)

	<b>H1-2019</b>	<b>H1-2018</b>	<b>Delta%</b>
Total Bookings	<b>3.411</b>	<b>3.964</b>	<b>-14%</b>
Subscriptions	1.978	2.211	-10%
Special Project	995	1.116	-11%
Consumables(SMS, Mail)	403	553	-27%
Maintenance	35	84	-58%
Cost of Goods	309	425	-27%
Gross Margin	3.102	3.539	-12%
Operating Costs	2.910	3.252	-11%
<b>EBITDA</b>	<b>192</b>	<b>287</b>	<b>-33%</b>

The Digital Box was founded in 2013 in the South of Italy) by a group of professionals, who share a profound, innovative spirit and are determined to change the way marketing is perceived and exploited.

The Company developed ADA, an all-in-one Mobile Marketing Platform, enhanced by AI solutions. Propelled by a unique and very comprehensive technology, a highly profitable and scalable sales model, ADA is addressed to a network of small and medium Marketing Agencies. With ADA, The Digital Box Customers can generate more leads and lead conversions, maximize profits and attain extensive intelligence on their client buying patterns to help them secure their loyalty.

The Company has established a solid presence in Italy, Spain, Latin America, France and in 2017 incorporated in the USA, completed the acquisition of 3 large Resellers in Italy and made a strategic technology acquisition in the AI field. Led by a strong and proven team the Company plans to expand its sales activities in Europe.

*\* Bookings*

*In the financial statements above, there is no application of monthly revenue recognition policies GAAP for SaaS. SaaS revenues are recognized for the first committed year after the Client signs or renews the contract, and the product access is delivered. While the Company believes that Bookings give a better insight on the execution of its growth strategy, it also performs accounting to determine Monthly Recurring Revenues (MRR), Annual Recurring Revenues (ARR) and relative Churn rates figures. These figures are confidential but may be made available to investors on request.*

Some of the statements contained in this press release, including information incorporated by reference, future expectations, or other forward-looking information or forecasts are subject to known and unknown risks. The forward-looking information is based on various factors and was derived using numerous assumptions. In light of the risks, assumptions, and uncertainties involved, there can be no assurance that the forward-looking information contained in this document will be achieved or prove to be accurate.

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The Company makes no representation and undertakes no obligation to update the information to reflect actual results or changes in assumptions or other factors that could affect those statements.

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