



The Digital Box reports results for the period ended in June 2021

All figures in K(000)€

Gravina, Italy, September 20th 2021

The Digital Box, a leading player 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 the period ended June 2021.

For the First semester 2021 Net Bookings* were 3,298K€, a 59% increase compared to the First semester of 2020. Overall costs registered a 11% increase compared with H1 2020, and were below the budget of the period, with a resulting group EBITDA of €320, and a huge increase compared to the First semester 2020.

The MRR (**Monthly Recurring Revenues**) for June and QRR (**Quarterly Recurring Revenues**) for the 2nd Quarter 2021 were 52K and 155K, with a 18% increase compared with March 2021 and the 1st Quarter 2021, substantially in line with December and the 4th Quarter 2020 respectively.

"We are very satisfied with the first 6 months of 2021" said Roberto Calculli. "During the second quarter, revenues increased more than the first quarter. Thus we are at the same level of the first semester 2019". "We significantly adjusted our sales model, away from the Master Reseller model, to focus directly on our key customers: small and medium Marketing Agencies, fully certified, thus improving their efficiency".

However, in H1 2021 the effect of the pandemic seems to be superseded and we are very positive for the entire 2021 for the following reasons:

1. The ADA platform is winning support from customers. The new price list launched on May 2020, including 3 price plans, which differ in technology and consumables, is increasing the conversion rates; Thanks to this improvement, we are very confident and expect good sales performance in term of MRR and ARR both for Italy and Spain.
2. In May 2021, we launched the new version of ADA Premium, with more advanced AI capabilities that seem to be appreciated by our customers
3. In Spain, we launched the e-commerce program and we are currently testing the efficiency of the new monthly subscription formula and new metrics. After 6 months, we are very pleased with metrics and we decide to focus more on marketing automation
4. In France, we are succeeding thanks to our subsidiary The Digital Box France, winning the market with the onboard of some important agencies and clients, and more than 650K bookings with good EBITDA margins;
5. Starting from the end of 2020, Convergent Marketing® has become a training model based on the experience of both teachers and learners. The Convergent Marketing® Master Classes were born: restricted classes of people who can directly learn and experience a new vision of marketing and digital communication. We launched the first classes in the first quarter of 2021 with flattering results in terms of participants and revenues;
6. AI projects with the ALGHO-owned platform are meeting the enterprise-customer expectations with a more than 70% increase in revenues;
7. The efforts of our subsidiary Genesis Mobile, committed to evangelizing ADA to SMEs market and a part of marketing services, faced the lockdown to restart immediately. A new organization with new managers and a smart and rewarding career model are giving the first positive results. Sales revenues in H1 2021 were 37% up compared to H1 2020;

The Digital Box S.p.A.

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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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8. We are constantly focused on technological development. We improved the semantic engine of the ALGHO platform, and finally implemented the new Customer Data Platform in ADA, placing it among the first European Platforms offering this advanced technology to SMEs.

"We are satisfied with our ability to increase revenues in H1 2021 maintaining stable operating costs, thus increasing the profitability" said Virgilio Picca, CFO of The Digital Box.

In 2019, The Digital Box became an AI company. It boosted ADA, its leading All-in-one Mobile Marketing platform with several significant AI-Powered components, thus improving its usability, efficiency 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. As of the first quarter, ALGHO subscriptions were available, and we were satisfied with the performance and results.

The new business model affected the entire 2019 and 2020 performances, but the management team is confident that all the processes are under control. Good traction and growth are also expected for our AI Business in 2021

The Digital Box Group – Profit & Loss for the period ended June 2021 (All figures in K€)

	P6-2021	P6 -2020	Delta%
Total Bookings	3.298	2.079	+59%
Subscriptions	988	675	+46%
Special Project	1.081	870	+24%
Recurring services	401	317	+26,5%
Consumables(SMS, Mail)	828	218	+279%
Cost of Goods	1.093	515	+112%
Gross Margin	2.205	1.564	+41%
Operating Costs	1.885	1.693	+11%
EBITDA	320	-129	+3.480%
EBITDA (% on bookings)	9,7%	-6,20%	

The Digital Box was founded in 2013 in the South of Italy) by Roberto Calculli and 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

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this document will be achieved or prove to be accurate

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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