CLOUD IS THE NEW DIGITAL

Company Overview

FIRST HALF RESULTS AS AT 30 JUNE, 2021

GRUPPO DIGITOUCH

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CLOUD IS THE NEW DIGITAL

OUR VISION

DIGITAL TRANSFORMATION AND INNOVATION ARE THE KEYS FOR GROWTH AND NEW BUSINESS - CLOUD MARKETING IS THE DIGITOUCH VALUE OFFERING TO ADDRESS COMPANIES NEEDS FOR A FULL INTEGRATED AND SCALABLE SERVICE

OUR MISSION

TO SUPPORT OUR CLIENTS AND PA IN THE DIGITAL TRANSFORMATION PATH, THROUGH AN INTEGRATED OFFER OF DIGITAL MARKETING, TECHNOLOGY AND E-COMMERCE SERVICES, WITH A MARKET CENTRIC APPROACH

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A FULLY INTEGRATED OFFER

CREATING VALUE BY LEVERAGING ON AN INTEGRATED APPROACH AND CROSS FERTILIZATION

	TECHNOLOGY SERVICES	E-COMMERCE SERVICES	MARKETING SERVICES
CORE OFFER	• Data analysis & insights • Business analytics & predictive models • Data science & machine learning • Mar-Tech system integration • Marketing Automation • Business Process Automation	• E-commerce solutions • Interface development • Experience Design • Cloud Solutions	• Omnichannel marketing • Content & Creativity • Tracking • SEO & CRO • Special projects • Digital event platform
VALUE FOR CLIENTS	*Plan, implement and manage clients' digital offers*	*Display and sell clients' goods and services digitally*	*Promote market and services and recruit clients online*

We are a **Cloud Marketing Company** with focus on integrating **Technology, Marketing, Resources and Skills**.

Flexibility, market centricity, consultancy and assets integration are our keys

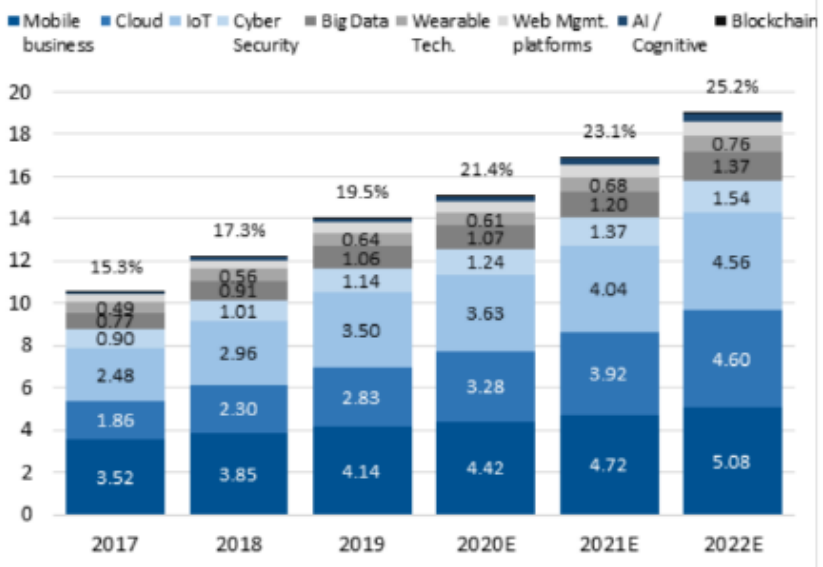
SCALABILITY & PERFORMANCES

WELL POSITIONED TO CAPTURE OPPORTUNITIES COMING FROM ITALIAN DIGITAL GAP

Digital enablers: innovative technologies (cloud computing, cyber security, artificial intelligence, IoT and big data) among the main growth drivers of the digital sector

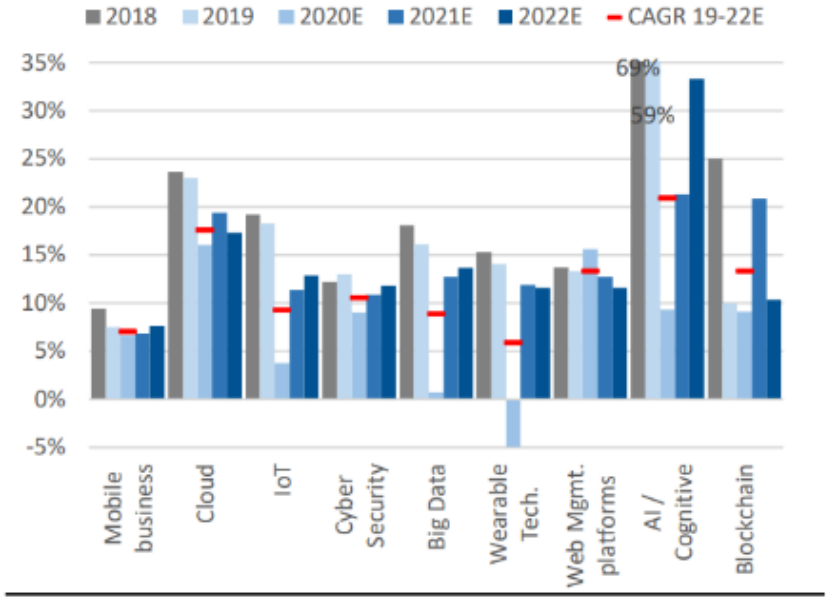
- **Organic trends**: i) "New digital habits of Italians" ii) "Growing digital adoption by Italian SMEs" iii) "Digital enablers
- **Main goals for NRRP**: i) "Government service digitalisation" with investments to accelerate the digital transformation of PAs, also including (amongst others) the justice and healthcare systems; ii) "Transition 4.0 and direct investments"; and iii) "Infrastructure", i.e. investments in the UBB and 5G networks as well as datacentres and cloud infrastructure.

Main digital enablers by market size



Source: ANITEC-ASSINFORM June 2020 report (NetConsulting cube, 2020) - % data shown above columns shows the % of total ICT sector

Growth forecasts for main digital enablers



Source: ANITEC-ASSINFORM June 2020 report (NetConsulting cube, 2020)

Source: Intermonte, Digital sector report – May 2021

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ROBUST SET OF RESULTS IN 1H 2021

ORGANIC GROWTH COMBINED WITH STRONG MARGINS

Recovery of major clients along with new customers acquisition

- **Strong organic growth by 15% compared to 1H 2020**
- **Solid contribution of the new segments**: Technology and E-commerce
- **Operating profitability improved** and overall profitability preserved
  - **EBITDA Adj up 12%** with healthy margins on Revenues at 17%
  - **EBIT growing by 17%** with 5%margins
- **Net income as adjusted for goodwill** amortization at €1,2m
- **Positive Cash flow generation** with FCF at €0,9m vs €0,6m at the end of FY 2020
- **Net financial debt at €2,1m**, in line with FY 2020 after paying dividends and purchase of own shares - **Significantly low Net Debt/EBITDA** LTM (0,3x in FY 2020), offering room **for additional leverage and investments**

DIVERSIFIED PORTFOLIO

EXPERTISE IN DIFFERENT SEGMENTS – CORE CUSTOMERS

RETAIL & E-COMMERCE

SELEX Gruppo Commerciale
IPER La grande i
monclick Io compro qui
cisalfa Sport
coop online
MAXI SPORT
SPORT SPECIALIST
bennet
BricoBravo

FOOD & BEVERAGE, CONSUMER GOODS

AURICCHIO 1877 Fatto a mano. Da sempre.
felicia
CIRIO
PURINA
vileda
Unilever
Nestlé
Pernod Ricard
Heineken
CAMPARI
Coca-Cola

PUBLIC ADMINISTRATION

cdp
LAZIO INNOVA
GSE Gestore Servizi Energetici

FASHION & LUXURY

LUISAVIAROMA
sergio rossi
MORELLATO
BLUESPIRIT GIOIELLI
MOLESKINE
arena
SECTOR NO LIMITS
FENDI

FINANCE & INSURANCE

verti
Allianz Global Assistance
AGOS
PAYBACK
BNL GRUPPO BNP PARIBAS
IBL Banca
FIDITALIA
Schroders
MEDIOBANCA

TELCO, UTILITIES, TECH & SERVICES

Posteitaliane
enel
coop voce Comunicare è semplice.
Wolters Kluwer
ASUS
kaspersky
eni gas e luce
PHILIPS

EDUCATION, ENTERTAINMENT, TRAVEL & AUTOMOTIVE

Bocconi
THE ADECCO GROUP
MICHELIN
tata
Sisal
Disney
SONY

PHARMA & HEALTHCARE

Zambon
Dompé
SANOFI
BAUSCH+LOMB
Nuvenia
HARTMANN
SHOP FARMACIA
BaByliss
fismad
mundipharma

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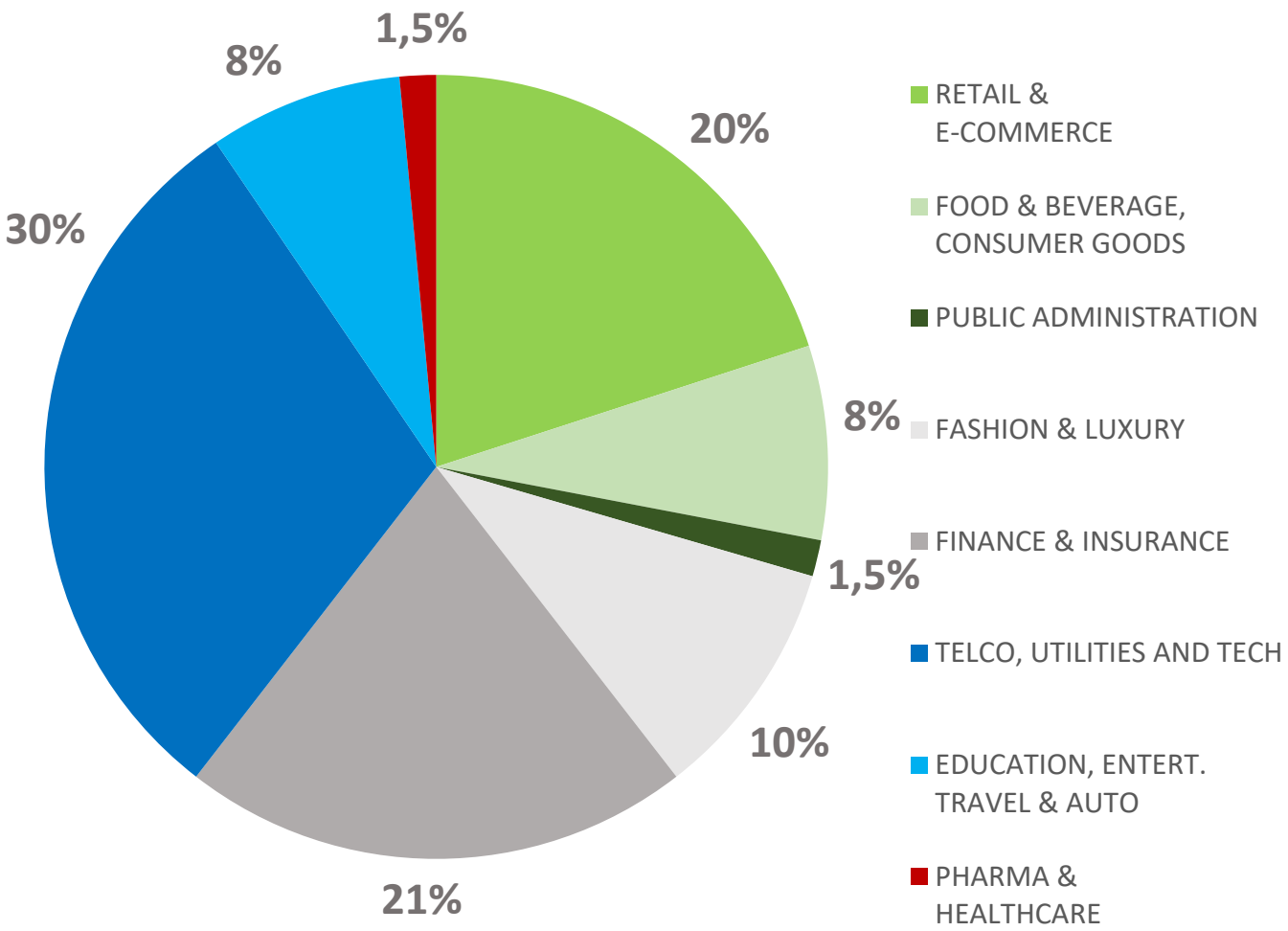
WELL BALANCED CLIENTS' PORTFOLIO

STRONG EXPERTISE IN TELCO, UTILITIES, FINANCE AND INSURANCE



- **Strong presence in key areas (i.e. telco, utilities, finance and insurance)**
- Solid presence also in Retail & commerce, and Luxury
- **Increasing market shares in PA and Pharma**
- **Around #20 new clients** acquired in the last 6-8 months only – including top tier such as TIM, Bip, and Candy

NEW CUSTOMERS in 2021

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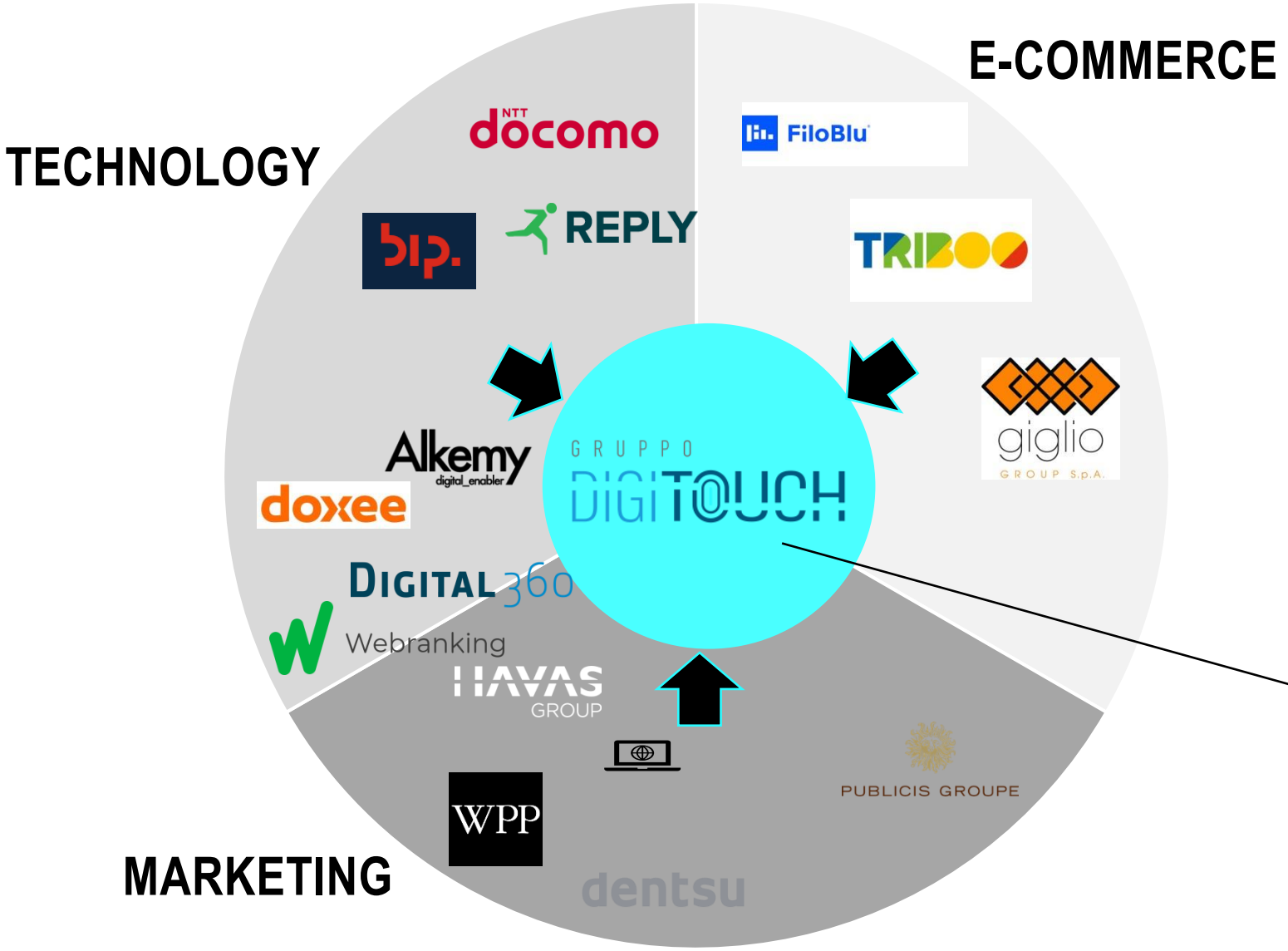
COMPETITIVE ARENA



Overall market convergence in the area of "Integrated Offer", generating additional market consolidation

- Gruppo DigiTouch competes with big consultancy groups through a mix of consulting, marketing and tech competences
- Compared to them, DigiTouch can be more flexible in delivering some customized projects at more scalable conditions

INTEGRATED OFFER

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FOCUSING ON SHORT & MID TERMS TECHNOLOGY WAVES ABLE TO INCREASE DIGITOUCH POSITIONING & MARKET SHARE

INSURTECH

Digitalization of Insurance Industry is just starting. Digitouch has skills, case histories, technology and a primary role in Italian Insurtech Association (IIA)

E-COMMRCE STREAMING

Ecommerce customer experience will evolve and ecommerce streaming not only will be a main trend, but will aggregate media, marketing, transaction and social skills.

CLOUD COMPUTING

Cloud is not only the practice of using a network of remote servers hosted on the internet but also leverage on marketing, ecommerce & data services remotely

MACHINE LEARNING

Data management and Forecasting models are always more central to manage mid & large companies processes. Digitouch group is a pioneer in this domain since the 1° wave of fraud management services

FRONT ENDS

Evolutions of customer journeys is moving fast and Voice, Mobile & web interfaces are always more integrated and performing, User experience is a key DigiTouch domain.

Source: Intermonte, Digital sector report – May 2021

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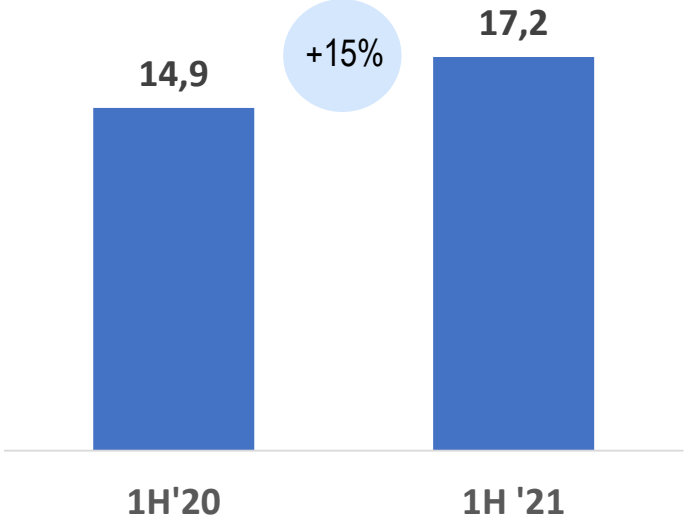
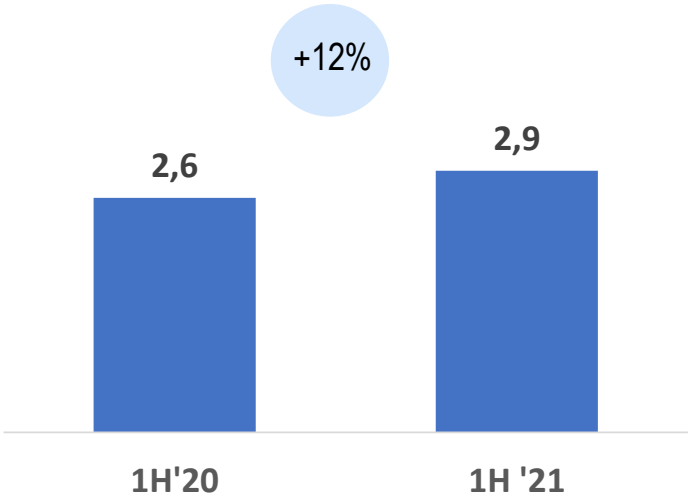
1H 2021 FINANCIAL HIGHLIGHTS

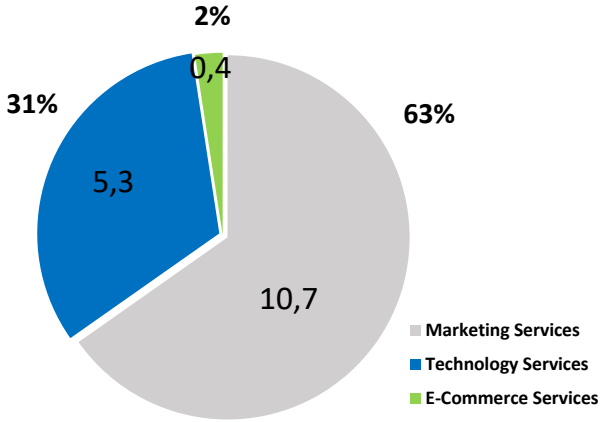
REVENUES (€M)



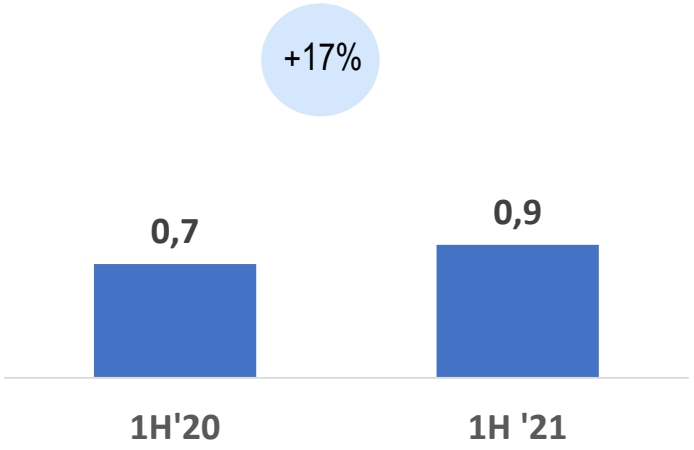
EBITDA (€M)



REVENUES BY SEGMENT (€M)



EBIT (€M)



Note: EBITDA as adj. for non recurring items of €36k - Net Income as adj. for goodwill amortization
Data in euro million; data accounted in IT GAAP

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1H 2021 INCOME STATEMENT

INCOME STATEMENT (€M)

Income Statement (Euro M)	1H'20	1H '21	YoY %
Revenues	14,95	17,16	*14,8%*
EBITDA adj.	2,61	2,91	*11,6%*
EBITDA margin	*17,5%*	*17,0%*	
EBIT	0,74	0,87	*16,9%*
EBIT margin	*5,0%*	*5,0%*	
Earnings before tax	0,57	0,73	*26,7%*
Net Income	0,39	0,35	*-11,7%*
Net Income adj. for goodwill amortization	**1,17**	**1,19**	***2,3%***
Net Income adj. margin	*7,8%*	*6,9%*	

- **Top line** organic growth of 14,8% thanks to: favorable market conditions for existing clients (despite the ongoing pandemic and uncertainties); entrance of new customers
- **EBITDA adj.** at €2,9m, up 11,6% vs 1H 2020 thanks to lower operating costs whose incidence on Revenues was down from 53,4% to 51,6% YoY. A better mix, and the new go-to-market approach (with focus on more profitable projects) were also the keys
- **Capitalized cost** of €0,3m, down by 12% vs 1H 2020. **Depreciations and amortization** increased due to change in perimeter, nevertheless **EBIT** was up 16,9% vs 1H 2020
- Significant growth in **pre-tax earnings**, while Net income was slightly impacted by higher taxation
- **Adjusted Net Result**: heavily impacted by the effect of goodwill amortization accounted in accordance with OIC rules

Note: EBITDA as adj. for non recurring items of €36k - Net Income as adj. for goodwill amortization
Data in euro million; data accounted in IT GAAP

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1H 2021 GROWTH AT BOTTOM LINE LEVEL

NET INCOME ADJ. (€M)

Analysis of Net Income adj.	FY'17	FY'18	FY'19	FY '20	1H '20	1H '21
Revenues	**28,89**	**30,60**	**38,95**	**33,52**	**14,95**	**17,16**
residual Goodwill	11,36	10,01	8,59	8,35	7,86	7,52
Net Equity	14,08	14,07	14,50	14,77	14,65	14,66
Net Equity after goodwill coverage	**2,72**	**4,05**	**5,92**	**6,42**	**6,79**	**7,14**
Goodwill amortization	1,25	1,35	1,49	1,60	0,78	0,85
Net Income	0,42	0,27	0,77	0,07	0,39	0,35
Net Income adj. for goodwill amort.	**1,66**	**1,62**	**2,26**	**1,67**	**1,17**	**1,19**
Net Income adj. margin	*5,7%*	*5,3%*	*5,8%*	*5,0%*	*7,8%*	*6,9%*

- **Starting from FY 2022, DigiTouch will report its financials in IFRS GAAP**
- DigiTouch still reports its Financials in IT GAAP
- **Adjusted Net income**: heavily impacted by the effect of goodwill amortization accounted in accordance with OIC rules. This metric better shows the profitability of the company
- **Net Equity after goodwill coverage**: highlights the ability to cover the residual value of goodwill

Data in euro million – Data accounted in IT GAAP

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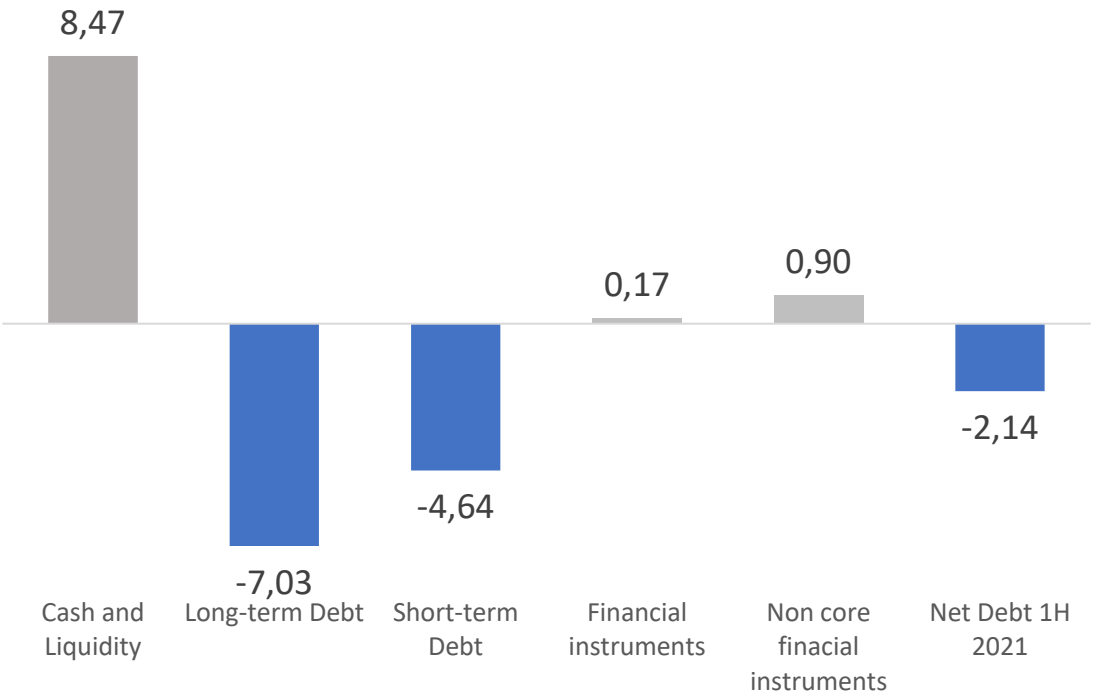
1H 2021 FCF GENERATION AND NFP DYNAMICS

CASH FLOW (€M)

Detailed FCF (Euro M)	FY'20	1H '21
EBITDA	2,61	2,91
Other	1,10	-1,33
Change in WC	-0,60	0,41
Operating Cash Flow	**3,11**	**1,99**
Capital expenditures	-3,19	-0,09
Other (investments)/divestments	0,68	-1,05
FCF	**0,60**	**0,85**

NFP (€M)



- **Positive cash generation with FCF up from €0,6 in FY 2020 to €0,9m** at the end of semester. Positive change in at Operating cash flow level due a lower absorption of Working capital. **NWC** negatively impacted by approx. €1,4m in payables not cashed in from a key customer
- **Other Investments** including shares in Ondeal that will be accounted for as intangible asset from 2H 2021 onwards. Significantly low Net Debt/EBITDA at 0,3x - still room for additional leverage and investments

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1H 2021 BALANCE SHEET: GOODWILL STRONG REDUCTION

BALANCE SHEET (€M)

Balance Sheet (Euro M)	FY'20	1H '21
Goodwill	8,35	7,48
Other Assets	7,67	8,22
Net Working Capital	2,40	2,62
Long-term Liabilities	-1,14	-1,51
Net Capital Employed	**16,78**	**16,81**
Net Equity	14,77	14,67
Net Financial Debt	2,01	2,14
Net Equity and Funds	**16,78**	**16,81**

- **Stable Net capital employed,** influenced by €1,1m investment in the controlled company Digital Market Solutions, and by €0,6m used to buy 7,1% shares of the innovative start-up Arena, active in the insurance market place field
- **NFP of €2,1m** vs €2,0 in FY 2020, impacted by dividends distribution and ongoing share buy-back program for €0,4m.
- Net debt including €8,5m in **cash and cash equivalents** vs €7,8m in FY 2020

Data in euro million – Data accounted in IT GAAP

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STRATEGIC ROADMAP 2021 – GUIDANCE 2021 CONFIRMED

Revenues >= €40m

EBITDA adj. €6,2-6,5m

DigiTouch will continue to focus on the new integrated offer through the go-to-market approach while maintaining attention on both top line growth – also through M&As – and profitability progress

The digital shift is one of the most profound changes brought about by the pandemic, and DigiTouch is taking all the available opportunities with a clear strategy aimed at:

1. **Focus on the sector of public tenders**
2. **Accelerate e-commerce / development of digital enabler e-commerce positioning**
3. **Speed up innovation in the fast growing areas of insurtech, e-commerce streaming, cloud computing, machine learning, front ends**
4. **Offer integrated projects combining its platforms with customers' technologies**

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SOLID LONG-TERM GROUP

.01 Long-term relationships with its customers, as well as strong connections in the industry

.02 Focus on best of the shelf technology

.03 Sound Balance Sheet

.04 Solid top management with length experience in the industry and trustable credibility

05. Stable high margins over time and significant cash flow generation

06. Significant commitment of Board members expressed through a share buy back programme

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THANKS

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