

Digitouch Group 2023 Financials And Strategic Priorities

28 March 2024

Safe harbor statement

This document has been prepared by Gruppo Digitouch (the “Company”) for use during meetings with investors and financial analysts and solely for information purposes.

The information set out herein has not been verified by an independent audit company, neither the Company nor any of its subsidiaries, affiliates, branches, representative offices as well as any of their directors, officers, employees, advisers or agents accepts any responsibility for/or makes any representation or warranty, express or implied, as to the accuracy, timeliness or completeness of the information set out herein or any other related information regarding the Company, whether written, oral or in visual or electronic form, transmitted or made available.

This document may contain forward looking statements about the Company based on current expectations and opinions developed by the Company. These forward looking statements are subject to significant risks and uncertainties (many of which are outside the control of the Company) which could cause a material difference between forward looking information and actual future results. The Company assumes no obligation to provide updates of any of the aforesaid forward looking statements.

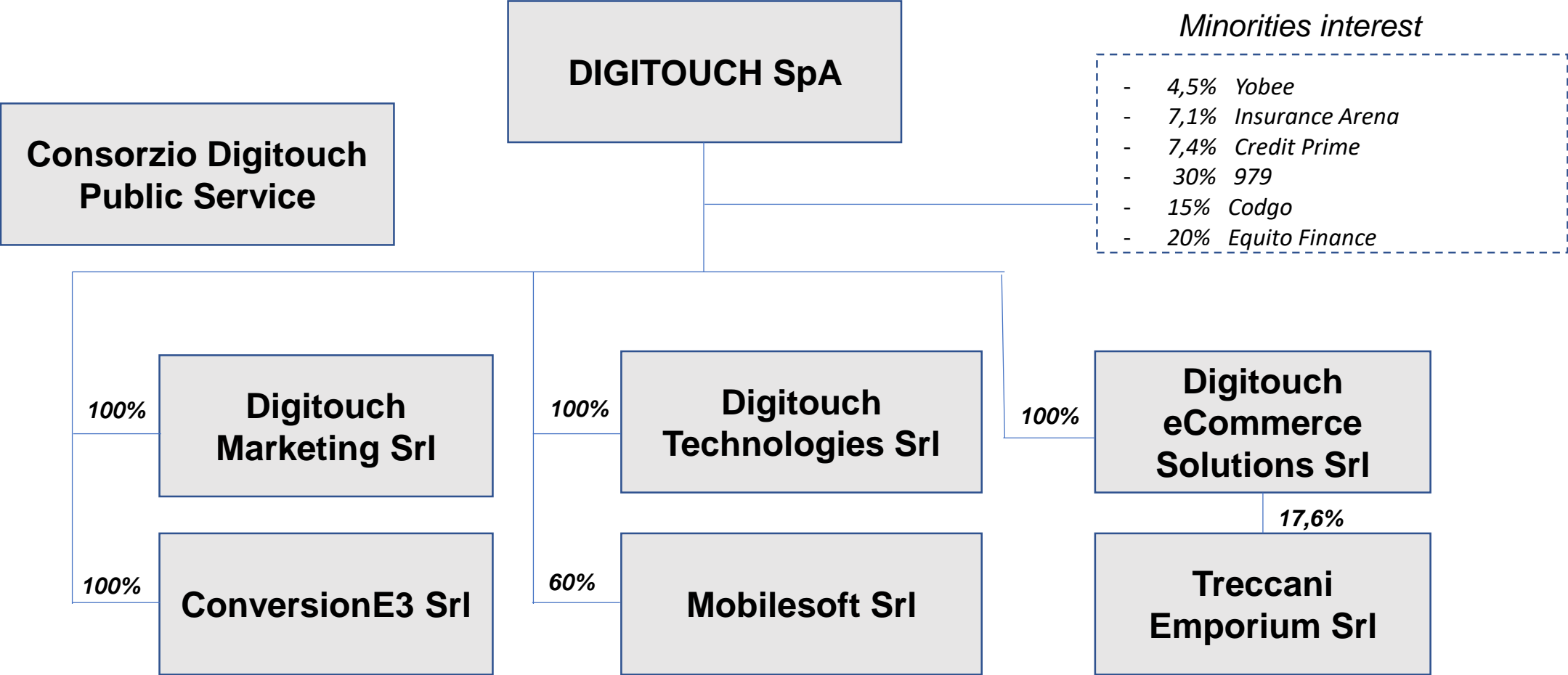
Under no circumstances shall the Company and/or any of the its representatives be held liable (for negligence or otherwise) for any loss or damage arising from any use of this document or its contents or otherwise in connection with the document or the aforesaid forward looking statements. This document does not constitute an offer to sell or a solicitation to buy or subscribe to Company shares and neither this entire document or a portion of it may constitute a recommendation to effect any transaction or to conclude any legal act of any kind whatsoever.

This document may not be reproduced or distributed, in whole or in part, by any person other than the Company; by viewing and/or accepting a copy of this document, you agree to be bound by the foregoing limitations.

2023 - Main take outs

- Digitouch has shown in 2023 to have built a **resilient business model capable of managing a changing and volatile market environment**
- MTE business model (Marketing -Technology - Ecommerce) has further developed strong integration capabilities in line with the **MarTech market trends** that forecast a spending of more **215 billion USD by 2027**
- **Revenue growth** in the year has been slow mainly due to **Marketing services** that have been impacted by downturn consumer consumptions. On the other hand **Technology and eCommerce** solutions have witnessed a strong growth driven by increasing demand in digital sales and integration investments stronger
- **Cost structure** has reported a reduction in variable cost whereas labour costs has increased due to Mobilesoft consolidation and new hirings in tech. Headcount have reached almost **400 highly qualified professionals**
- Group **financial structure** is very strong with a Net Financial Position that less than **1,5 x EBITDA (with IFRS 16)** and **1,3 x EBITDA (wo IFRS 16)** within a context of **strong m&a appetite** and **longer payments terms**

Digitouch Group Structure



Digitouch Group has a proven and strong leadership team that is driving is growth and value creation



Simone Ranucci Brandimarte
Founder and Group CEO



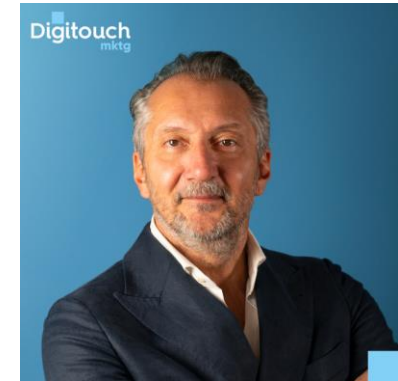
Patrizia Fortuna
Group Sales & Strategy Director



Giuseppe Sacco
Vice President
Digitouch Technologies



Luca Biancheri
Vice President
Digitouch eCommerce Solutions



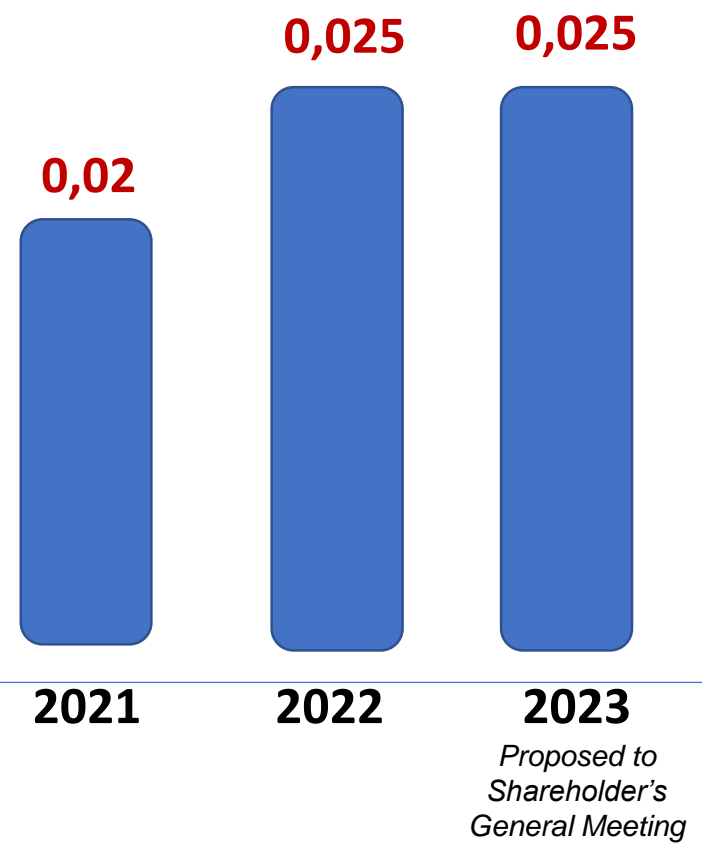
Alessio Angiolillo
Vice President
Digitouch Marketing and Conversion E3

FY 2023 – main

	2021	2022	2023
Total Revenues	38.9	42.3	44.1
Adj EBITDA	5.8	6.9	7.3
EBIT	3.1	4.2	3.8
Net Profit	2.9	2.5	2.0
Net Financial Position IFRS	5.3	4.9	10.8
Equity	17.5	17.5	19.0

Digitouch keeps a constant dividend policy for the third year in a row

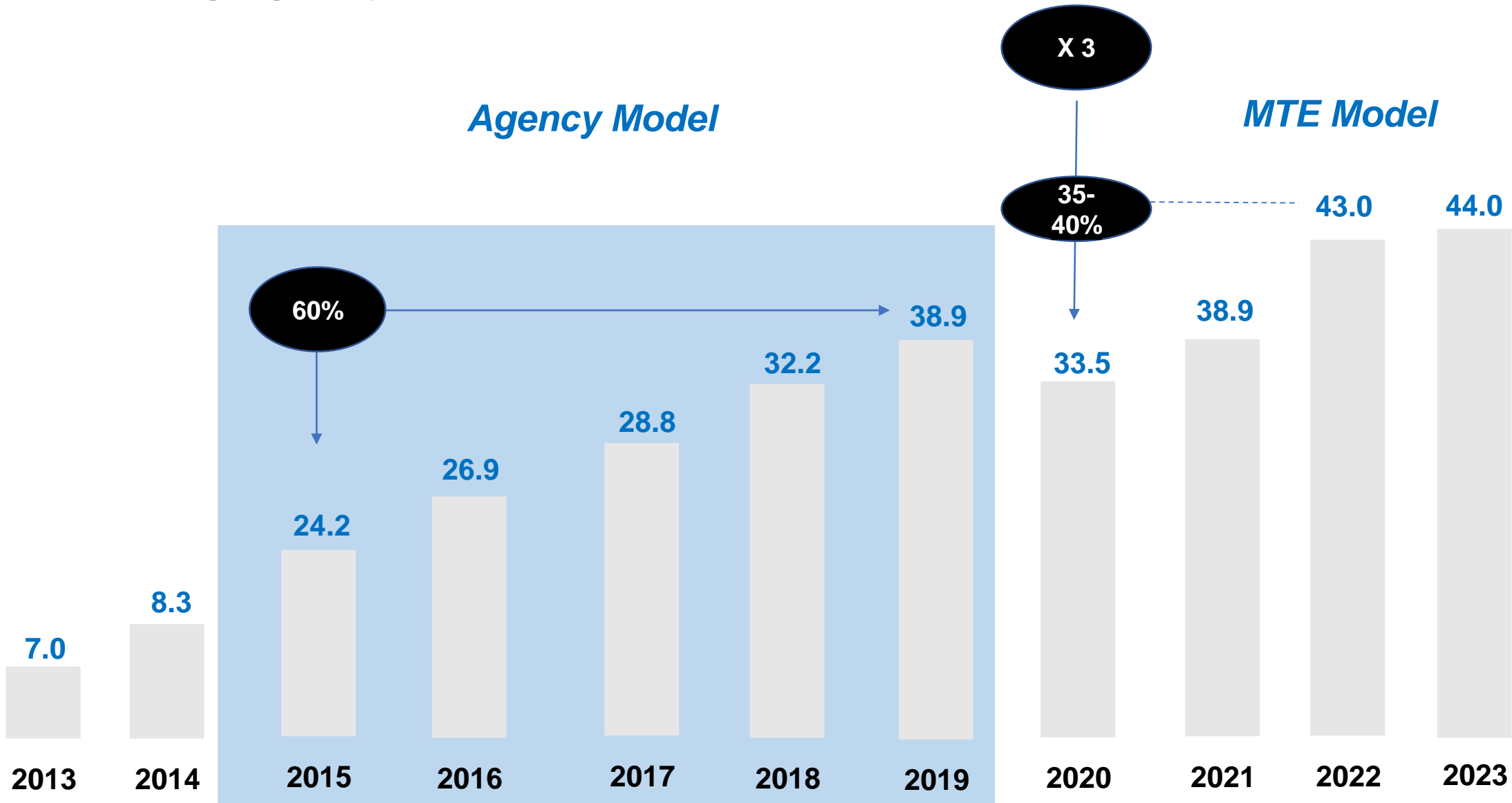
2021-2023 Dividend Payout









2023 Stock performance vs EGM Market



Digitouch over the last 3 years has evolved its business model from a pure full marketing agency to a MarTech company with an integrated positioning MTE...



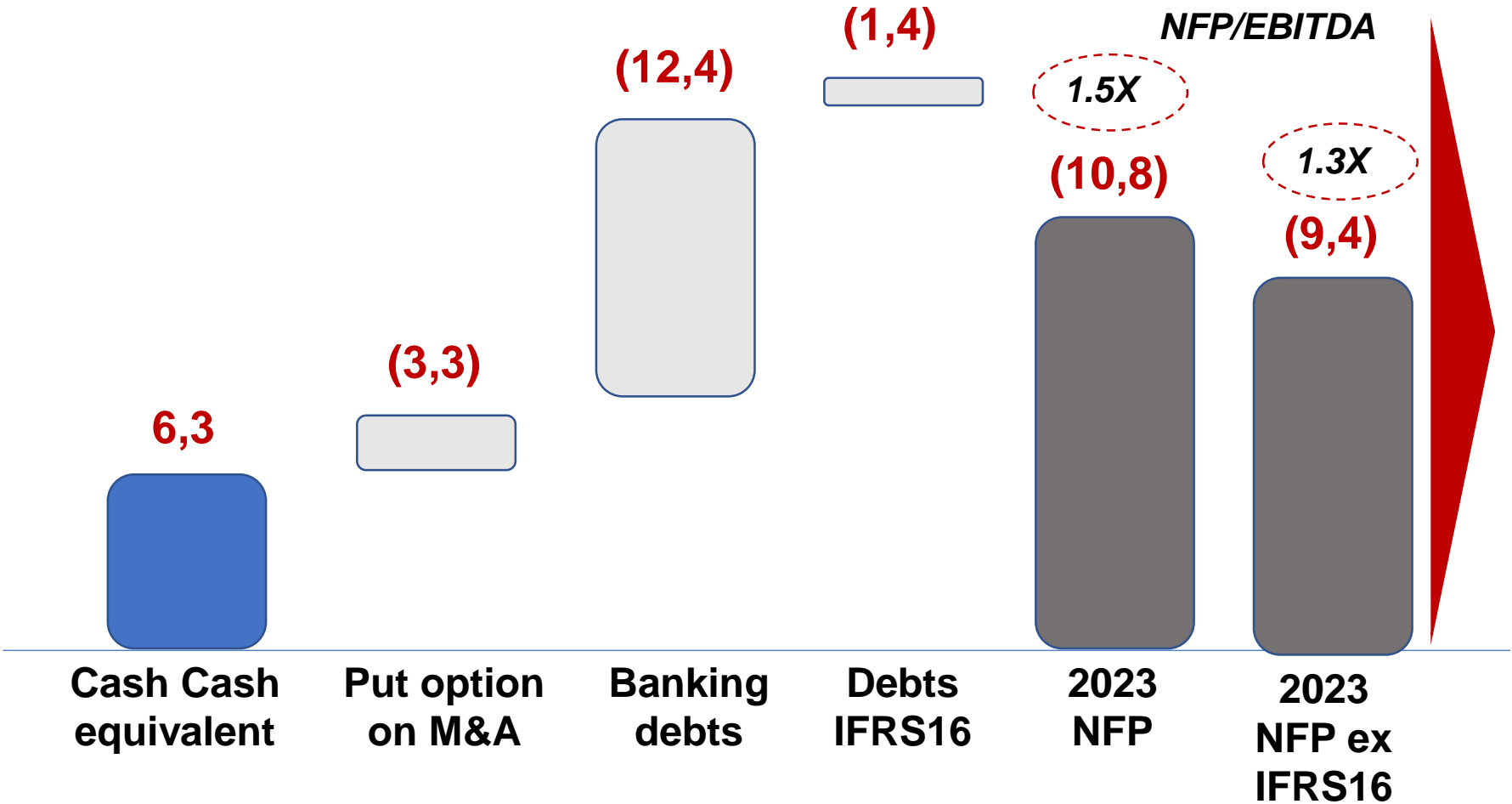
... a constant M&A focus both in terms of targeted strategical assets and diligent financial rationale

Business Line	Target	Rationale	EV/EBITDA*
Marketing	      Treccani Emporium	<ul style="list-style-type: none"> ▪ Omnichannel and field marketing ▪ B2B lead generation ▪ Cloud Infrastructure provider ▪ Data Analytics tech specialist ▪ Mobile - APP system integrator ▪ eCommerce marketplace platform ▪ Industrial partner of the Treccani in Treccani Emporium 	4,0 1,0 4,0 4,0 5,0 NA -

* EBITDA after synergies

Digitouch keeps a sustainable financial structure that leaves room for additional M&A as a growth's driver ...

2023 Net Financial Position structure (Mio Euro)

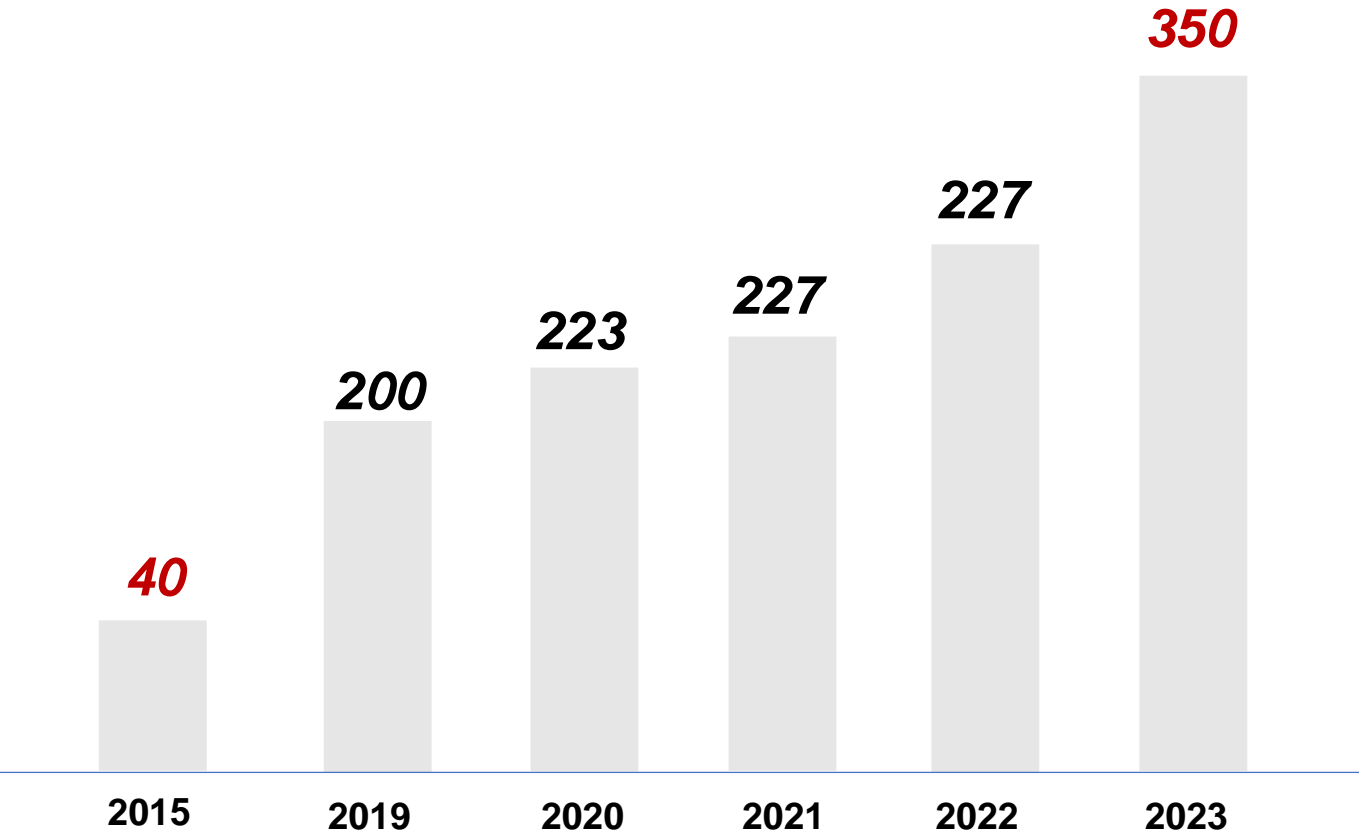


2023 notes to Net Financial Position evolution

- 6,0 MI Mobilesoft M&A
- 0,9 MI ConversionE3 M&A
- 0,34 MI Yearly dividends
- 2,0 MI Commercial Credits longer payments terms

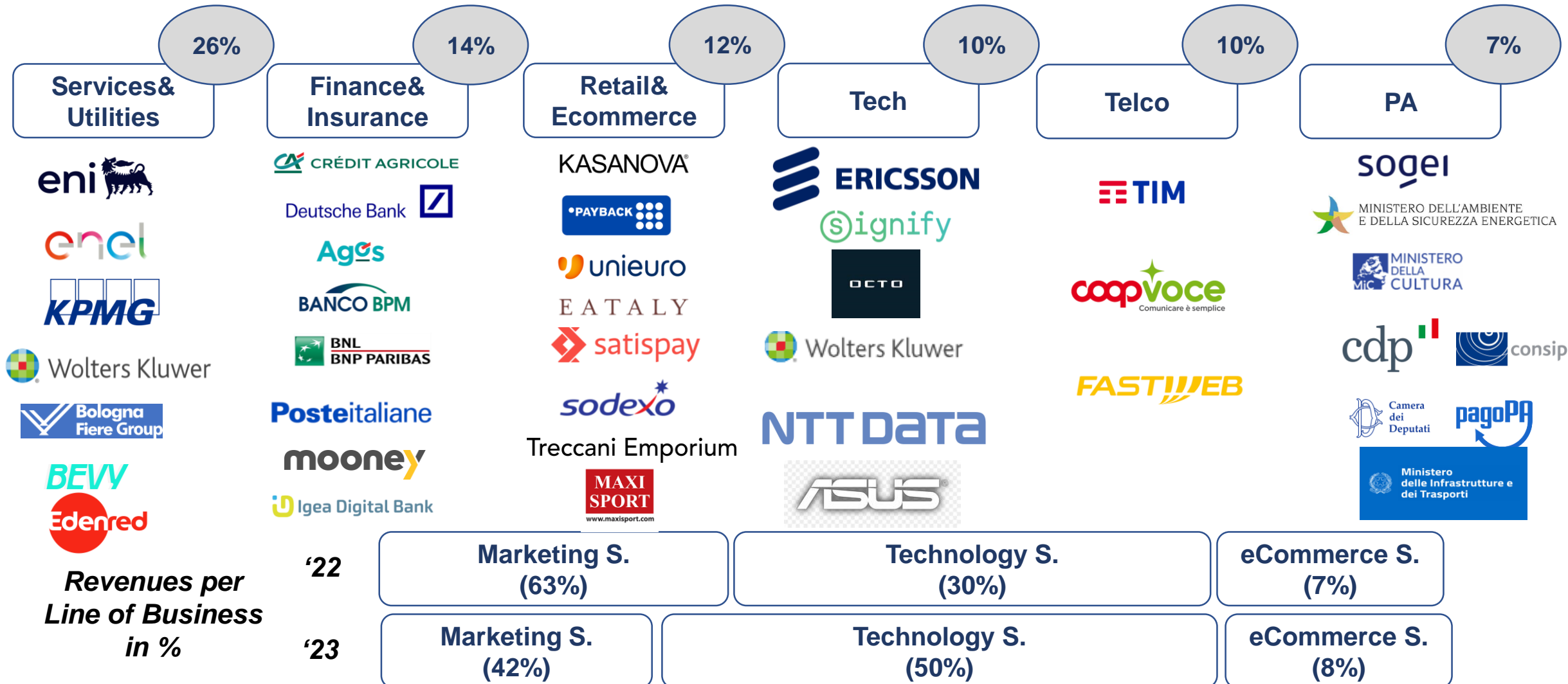
... leveraging on more than 350 professionals

2105 – 2023 Digitouch Group professionals (FTE)



<i>Business units</i>	<i>FTE</i>
<i>Marketing Services</i>	<i>70</i>
<i>Technology Services</i>	<i>230</i>
<i>eCommerce Services</i>	<i>30</i>
<i>Central Holding functions</i>	<i>20</i>

2023 – Revenue per industry



A powerful "Corporate Social Responsibility" and "quality" engine to ensure significant progress

Certifications



Training

In 2023, almost 20,000 hours of training were provided through Training 4.0 with approximately €70,000 of tax credit obtained. regarding soft skills the most popular courses were:

- #1 Conquer everyone with public speaking
- #2 Keep prejudice at bay
- #3 Fight mobbing and harassment in the company
- #4 Work remotely
- #5 Artificial intelligence

ESG assessment

In the process of obtaining the ESG rating, the Group has adopted policies and procedures aimed at guaranteeing a positive impact on its employees, customers, suppliers, all stakeholders and in general on the environment in which it operates. Particularly

- re ■ Policy for gender equality
 - Parenting Policy
 - Whistleblowing procedure
 - Individual smartworking agreements

CSR Projects

The three areas of CSR strategy were covered by the 3 projects:

- **Ceramiche Noi** – safeguarding small Italian businesses
- **Differenza Donna** – inclusion and fight against gender violence, through a fundraising campaign for the NGO
- **Legler Foundation** – actions to protect Italian cultural heritage

For 2024 we are working with the CSR Committee to identify new areas of intervention, bringing the skills of our people into play.

MARKET VIEW

Marketers plan to invest more in technology and software

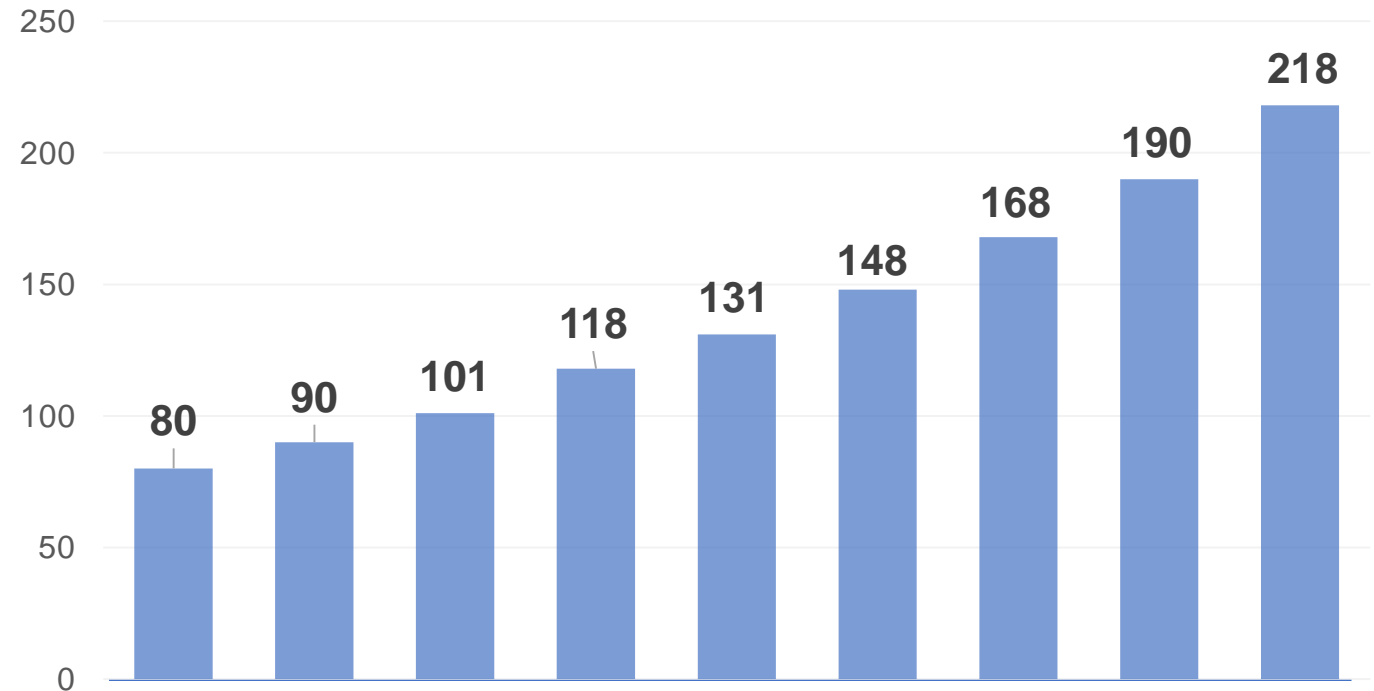
Global B2C marketing decision makers says they spend 18% of marketing budget on technology

Customer data management will grow at a CAGR of 14% between 2023 and 2027 and reach 37BI USD

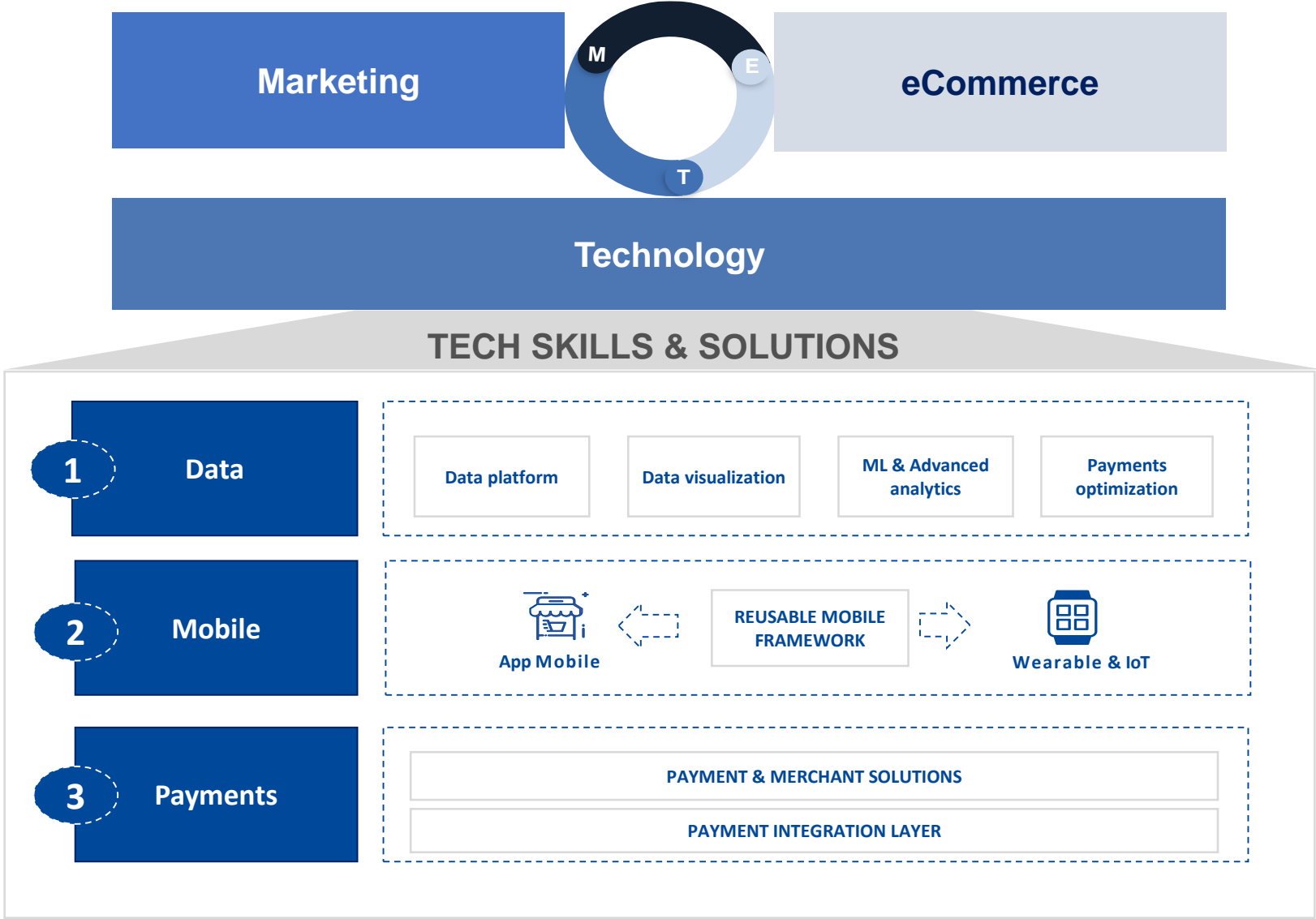
Martech represents 14,9% of Global Enterprise Software spending in 2023 and 15,4% in 2027

M&A Activity has bounced in recent quarters.

Global MarTech spending (Mio USD)



Forrester: «MarTech is a very fragmented market, ... whereas marketers would love simplicity the reality is that they have to better integrate their existing ecosystem»



MTE OPERATING MODEL





Data – Strategy – Creativity – Media - Digital Asset Optimization

That's our proposition to:

UNDERSTAND

REACH

ENGAGE














































CONVERT

Our Clients' Target

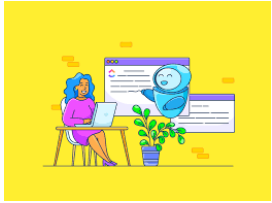


MULTIPLE PROPRIETARY TECHNOLOGIES

TECH SKILLS WITHIN THREE CORE DIVISIONS

	TECHNOLOGY SERVICES	E-COMMERCE SERVICES	MARKETING SERVICES
OWNED TECH ASSETS	 Cognitive Platform  Sales Agent  Dealer Tab  Gamification Platform iEGP®  Store Locator  Social CMS  Chatbot  Custom CMS  Voice CMS	 Purple X  Digital Human Experience	 Gamification Platform iEGP®  Store Locator  Social CMS  Voice CMS  Chatbot  Digital Human Experience  Custom CMS
SKILLS IN OTHER TECH ASSETS	 Test Automation  BPA  Risk Management	 UX/UI development  shopify  Magento	 Pac  Analytics
TECHNOLOGY PARTNERS	 TIBCO  CISCO  DATA4 <small>DATA CENTERS AT SCALE</small>  Power BI  SAS <small>Gold Partner</small>  entando  redhat <small>READY BUSINESS PARTNER</small>  ORACLE PARTNER	 Adobe  Google Cloud  amazon web services  Azure  BUSINESS PARTNER e <small>NETCOM</small>	 f  amazon  adform  adverity  Google Partner  OSSERVATORI.NET <small>digital innovation</small>

ASSET 2024 - KILLER APPLICATIONS



AI Content Generation

Use of generative AI for the production of editorial content (campaigns/newsletters/posts..) in multilingual



#Trends Finder#

Brand positioning on digital channels compared to competitors by exploiting market/sector/product/viral trends



Sales accelerator Tool

Governance and monitoring of the sales network's performance, enhancing information from the field



Partnership campaign

Adoption of analytical solutions for fraud detection, risk management and marketing automation that support enterprise decisioning

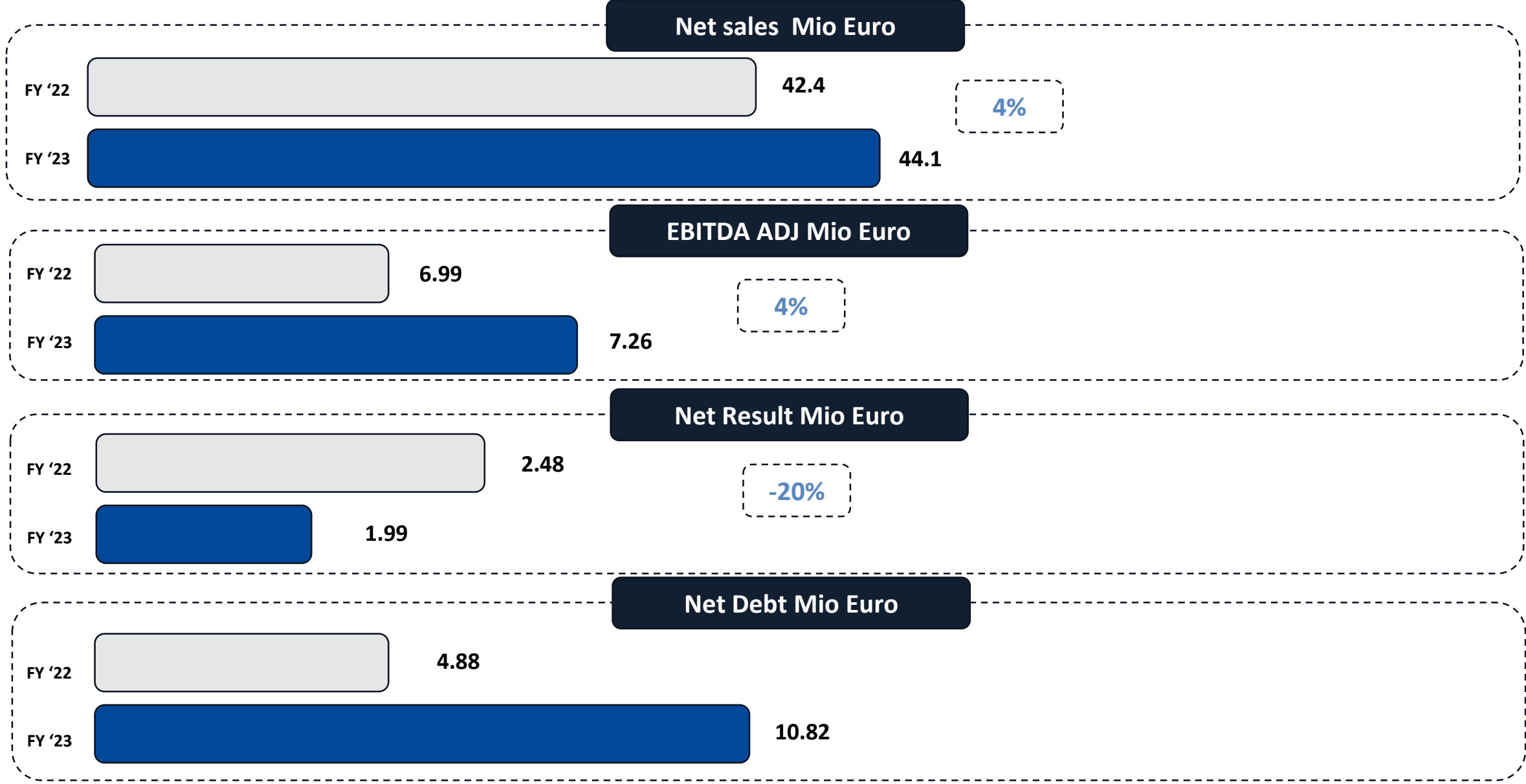


AI & Emotional reporting

Explore and communicate with data according to multiple analysis dimensions contextually and in a more effective and emotional way, also supporting sales functions

2023 FINANCIALS DETAILS

FY 2022-2023 HIGHLIGHTS



2023 Profit&Loss shows the benefit of a well balanced business model

INCOME STATEMENT (€M)			
Income Statement (€M)	FY '23	FY '22	YoY
Total Revenues	44,11	42,39	4,06%
EBITDA Adjusted	7,26	6,99	3,86%
EBITDA Margin	16,46%	16,49%	
EBIT	3,79	4,18	-9,33%
EBIT Margin	8,59%	9,86%	
EBT	3,03	3,8	-20,26%
Net Income	1,99	2,48	-19,76%
Net income margin	4,51%	5,85%	

- **Top line organic** growth of 4,06% driven by client acquisition and cross selling on client's base
- **EBITDA adj.** at 7.26 mio Euro up 3,86% vs FY 2022 thanks to lower operating costs incidence on Revenues and more internal efficiency
- **High impact of financial charges** due to the increase in interest rates on bank debt
- **Group Net Income** at almost 1.99 mio Euro with a 19.76% decrease versus 2.48 mio Euro FY 2022 due to the impact of amortization on intangible assets

2023 - Balance Sheet is proven to be strong even vs consistent investments and a net working capital pressure given by payments' terms prolongment

BALANCE SHEET (€M)		
Balance Sheet (€M)	FY '23	FY '22
Goodwill	16,43	11,73
Other Assets	9,87	8,39
Net Working Capital	5,96	4,22
Long Term Liabilities	-2,59	-1,91
Net Capital Employed	29,67	22,43
Net Equity	18,85	17,54
Net Financial Debt	10,82	4,89
Net Equity and Funds	29,67	22,43

- **Goodwill increase** due to investment in MobileSoft srl.
- **Net Working Capital increase** driven by longer collecting procedures on one side and on the other still strict supplier's payments
- Increase **Net capital** employed
- **NFP** (IFRS 16) of 10.82 Million Euro vs 4.89 Million Euro in FY '22
- **Net equity** up to 19,07 despite the payment of dividends of 0,35 Million Euro

Long term view

- Despite the volatile market environment still persisting in 2024 due to the stringent political economy by the Central Bank and the geopolitical turmoil in certain part of the world the perspective of Digitouch Group for 2024 look very positive with focus on certain **strategic priorities**:
 - **people care and talent attraction / retention**
 - **maintain a rigid financial discipline (debt control) and cost efficiency control over the organization to gain margin from better talent allocation and contract value creation**
 - **focus on sustainable and profitable growth avoiding clients and contracts that do not align with this principle or that can jeopardize it**
 - **continue to pursue a fully integrated market offering leveraging a balance among the 3 business lines**
 - **keep looking for M&A opportunities in line with the Group strategy and always safeguarding valuation metrics**
 - **leverage on selected strategical partnerships for proven MarTech products (Yext, Google,...) and commercial drivers (DXC, Engeneering, Accenture, ...)**