



The Digital Box reports record results for the second Quarter and for first half 2017.

Strong market traction and growth confirmed

All figures in K(000)€

Gravina in Puglia, Italy, July 22 2017

The Digital Box, the leading provider of ADA, an AI-based Mobile Engagement Automation Platform, today announced the preliminary financial results for its second quarter 2017.

Net Bookings* were 1.684K€, an exceptional increase of 243% compared to the second Quarter of 2016, a 22% linear growth from the prior Quarter and in line with the Company aggressive plan to exceed 100% growth for the year.

Overall costs were below budget with a resulting group **EBITDA of 336K€, a 941% growth from the second Quarter 2016.**

For the First Half the Digital Box Bookings reached 3.067K€, 166% growth compared with the First Half of 2016 and above our 12 months results for fiscal 2016. Costs were 2516K€ and EBITDA for the first Half of 2017 was 551K€ respectively -12%% and +198% of our plan.

Both Q2 and 1Half 2017 were new company records by a large margin if compared with prior Quarters and Halves.

"The Digital Box in the second Quarter 2017 broke new Company records by a significant margin. We not only grew in excess of 243% compared to the same Quarter 2016 but topped the already exceptional results of the first Quarter 2017 by 22%. Good execution on the part of our expanding sales channel and the release of highly competitive AI components, are delivering the results we have planned" said Roberto Calculli, the CEO of the Digital Box "Our distribution channel, that we greatly strengthened last year with a few targeted acquisitions, now fully integrated with our operation, is starting to fire on all cylinders"

In Q2 the company focused its R&D resource on integration of AI technology into ADA and greatly expanded its activity internationally and in Italy.

In addition to the good execution of the sales channel, the exceptional EBITDA results were due in part to higher Subscription Bookings and lower Consumables sales (mainly SMS) than we had anticipated. This is due to a market trend that sees more use of Social Media as a primary distribution method for the ADA marketing campaigns. This shift, while reducing our planned revenue targets for the year will increase our EBITDA projections since our margin on subscriptions is far higher than on Consumables (mainly SMS). The new revenues mix anticipated for 2017, with more Subscriptions and fewer Consumables, is expected to have very positive effects on the company financial position. In short it could reduce slightly our top line projection but decrease more significantly our cost of sales thus increasing gross margins, EBITDA and the company overall value.

For the First Half the **Company Cash position has improved to 452K€, 30% better than planned.**

The management team, is cautious entering the third quarter 2017, traditionally the weakest quarter in the Company historical performance but remains confident with the projection, that targets top line growth from 2016 to 2017 slightly above the 100% range.

"We are getting strong traction in all the geographies where we operate and a strong signal from the market that ADA is hitting the right target in both SME and large Retailers where we focus our activity." said Marco Landi President of The Digital Box Board.

The Digital Box S.p.A.

Headquarter: Largo San Francesco, 5 - 70024 Gravina in Puglia (BA) | **Share Capital** 102.420 € i.v. - REA MI-2002808 - P.Iva 08091690969

Operational Headquarter: Via Costantino Maria Colacicco, 8 - 70023 Gioia del Colle (BA) | **International Operations:** Barcelona - Calle Torrent de L'Olla, 31 08009- Bajos

Other Offices: Palo Alto - Hamilton Av. - Silicon Valley - 94301 | Paris - 101 Avenue des Champs Elysées, 5eme étage - 75008

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The Digital Box Group – Profit & Loss for Q2-2017 (All figures in K€)

	Q2-2017	Q2-2016	Delta%
Total Bookings	1684	491	243%
Subscriptions	1017	181	462%
Special Project	261	42	517%
Consumable(SMS,Mail.etc)	374	252	48%
Maintenance	32	16	92%
Cost of Sales	608	213	185%
Gross Margin	1075	278	287%
Operating Costs	739	245	201%
EBITDA	336	32	941%

The Digital Box Group – Profit & Loss for 1st half 2017 (All figures in K€)

	1H-2017	1H-2016	Delta%
Total Bookings	3067	1151	166%
Subscriptions	1800	541	233%
Special Project	606	99	510%
Consumable(SMS,Mail.etc)	585	462	27%
Maintenance	76	49	53%
Cost of Sales	1135	508	123%
Gross Margin	1932	643	200%
Operating Costs	1381	472	192%
EBITDA	551	171	223%

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The Digital Box was founded in 2013 in Puglia, Italy by a group of Marketing Visionaries. The Company has developed ADA, an AI Based Digital Marketing Engagement and Automation Platform designed for the Mobile. Propelled by a unique and very comprehensive technology, a highly profitable and scalable sales model based on a network of resellers and the focus of the mobile, The Digital Box has grown very rapidly and expanded its operation in Europe and Latin America. With ADA the Digital Box Users can generate more leads, more lead conversions, more revenues at a lower cost and, more intelligence on their client buying patterns to help them secure their loyalty.

The Company has established a solid presence in Italy, Spain, UK, Latin America, France and in 2017 has 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 Management team in 2017 and beyond the Company plans to expand sales activities in Northern Europe and eventually start operations in North America.

* 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. The Company believes that reporting Bookings gives a better insight on the execution of its growth strategy.

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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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