



## The Digital Box: Financial Results for Second Quarter and First Half 2018

*Growth consolidating in all channels*

Gravina, Italy, 1 August 2018

The Digital Box, the company that had designed and developed ADA, an AI Powered innovative and comprehensive platform for Mobile Engagement, announces today the financial results for the Second Quarter and the First Half 2018.

**Bookings\* for the Second Quarter were € 2.277k, or a growth of 35%** compared both to the same quarter of 2017 and linearly from the First Quarter 2018. These figures are 8% shy of our revised plan, published in May on the Press release for the First Quarter 2018.

The Monthly and Quarterly Indicators for Recurring Revenues or **MRR (Monthly, Recurring, Revenues) have grown to a record € 326K for June 2018 and the QRR (Quarterly Recurring Revenues) to € 978k.**

Total Costs were 5% below or Revised Plan estimate despite significant investments on the international channel, while the overall group EBITDA was **€ 284k**, about 15% less than what we projected in the revised plan..

**For the First Half Bookings\* were € 3.964k with a growth of 29% compared to Bookings of the First Half 2017 and the EBITDA was € 287k.**

*"In the Second Quarter we have improved all the critical indicators relative to International sales and we have delivered a solid performance in Italy" states Roberto Calculli, CEO of The Digital Box "the international channel has done well but continued improvements are necessary in the next few quarters for the Company to reach its ambitious growth targets"*

During the Second Quarter the Company has made available to all of its clients extensive GDPR support, inclusive of an opt-in tool to help, the Digital Marketing Agencies that use ADA, reach conformity to this new standard. GDPR enables a better client awareness in the interaction with marketing campaigns and is expected to improve the overall returns, conversions and in general the quality of the engagement between the brand and the client.

In addition, during the Second Quarter The Digital Box has organized the first Digital Convergence Day, a conference that explores the state of the art and the trends in Digital Marketing. Held in the main auditorium of the prestigious Bocconi University in Milan the Digital Convergence Day has attracted 500 professionals who attended several keynotes and debates that included among others top executives from Google, Facebook, Computer Associates, and Microsoft.

The Digital Convergence Day was opened by Guy Kawasaki the marketing visionary of the Macintosh team at Apple. Guy has addressed the convergence between Digital Marketing, Social Media and the Mobile. During the Conference a rich set of presentations that included the participation of several professors from the Bocconi and the Pisa Universities have debated the application of Artificial Intelligence Technology to Digital Marketing.

*"The Digital Convergence Day has confirmed the leadership position of The Digital Box in applying Artificial Intelligence functions to the Customer Engagement process and beyond" said Marco Landi, President of The Digital Box "*

The company confirms, as stated in the First Quarter 2018, its intention to continue with an aggressive international expansion plan despite delays in implementation that could affect its growth targets for 2018.

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### The Digital Box Group – P & L Second Quarter 2018 (in K€)

	<b>Q2-2018</b>	<b>Q2-2017</b>	<b>Delta%</b>
Total Bookings	2.277	1.684	35%
Subscriptions	1.412	1.017	39%
Special Projects	531	261	103%
Consumable(SMS/Email/Gad/FB)	281	374	(25)%
Maintenance	53	32	66%
Costs of Goods	256	413	(38)%
Gross Margin	2.021	1.270	59%
Operating Costs	1.736	935	86%
<b>EBITDA</b>	<b>284</b>	<b>335</b>	<b>(15)%</b>

### The Digital Box Group – P & L for 1<sup>st</sup> half 2018 (in K€)

	<b>1H-2018</b>	<b>1H-2017</b>	<b>Delta%</b>
Total Bookings	3.964	3067	29%
Subscriptions	2.426	1800	35%
Special Project	901	606	49%
Consumable(SMS/Email/Gad/FB)	553	585	(5)%
Maintenance	84	76	11%
Cost of Sales	425	582	(27)%
Gross Margin	3539	2485	42%
Operating Costs	3252	1933	68%
<b>EBITDA</b>	<b>287</b>	<b>551</b>	<b>(48)%</b>

The Digital Box was founded in 2013 in Puglia (Italy) by a group of Marketing Visionaries. The Company has developed ADA, an AI-Powered Marketing Engagement and Automation Platform designed for the Mobile. Propelled by a unique and very comprehensive technology, a highly profitable and scalable sales model aimed at a network of medium and small Digital Marketing Agencies and focused of the mobile. With ADA, The Digital Box Customers can generate more leads, more lead conversions, more revenues at a lower cost and, more intelligence on client buying patterns to help secure their loyalty.

The Company has established a solid presence in Italy, Spain, 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 the Company plans to expand sales activities in Northern Europe and eventually start operations in North America.

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**\* 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 other figures.*

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 in fact 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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