

# CLOUD IS THE NEW DIGITAL

Company Overview

**NEXT GEMs CONFERENCE**  
**MILAN, 30 NOVEMBER 2021**



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# AGENDA

1. WHO WE ARE
2. BUSINESS MODEL AND MARKET OPPORTUNITIES
3. 1H 2021 FINANCIAL RESULTS
4. STRATEGIC ROADMAP 2021



# 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



# GRUPPO DIGITOUCH

## A FAST GROWING DIGITAL PLAYER

- ✓ **ESTABLISHED IN 2007**
- ✓ **LISTED on EURONEXT GROWTH MILAN since 2015**
- ✓ **300+ HIGHLY SKILLED PEOPLE**
- ✓ **OFFICES in ROME, MILAN, LISSONE, PORDENONE**
- ✓ **FULLY GDPR COMPLIANT**
- ✓ **300+ CLIENTS**



Gruppo DigiTouch is an ISO-9001 Certified Company for:

- business management systems
- design and delivery of training interventions in Digital Transformation area

**34** Million Euro  
**REVENUES 2020**

**5.7** Million Euro  
**EBITDA adj. 2020**

**1.7** Million Euro  
**Net Income adj. 2020**

**19%** 2014-2020  
**TOP LINE CAGR**

**27** Million Euro  
**Cumulated Investments 2014-2020**

*Note: Net Income as adj. for goodwill amortization*

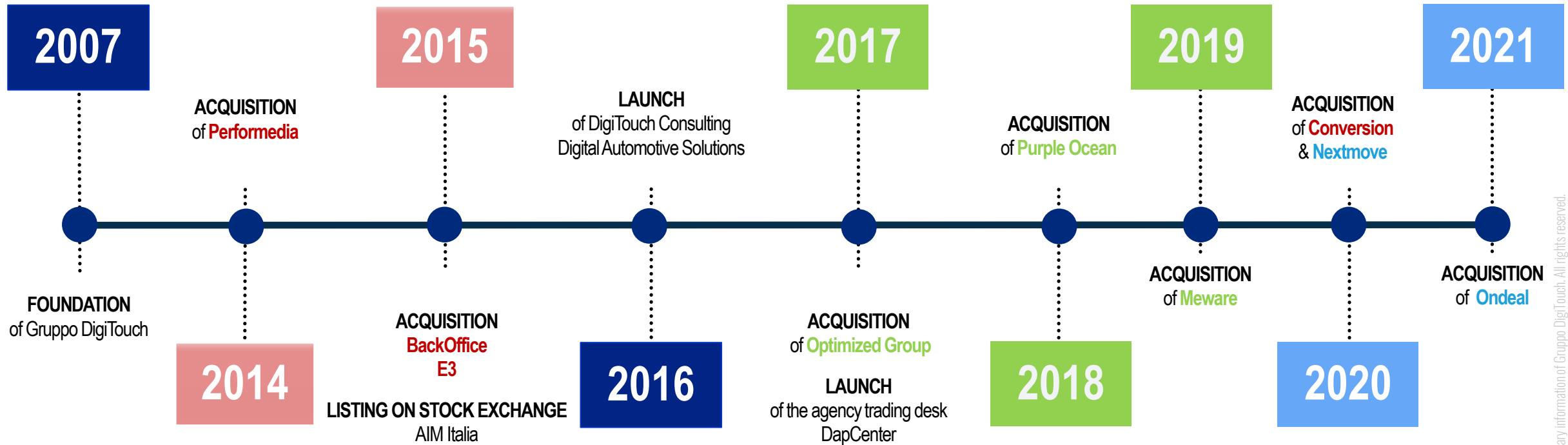
*Data accounted in IT GAAP*



# OUR MILESTONES



- ✓ Experience in M&A
- ✓ Capability in People & Process integration
- ✓ Focus on mid-term Business Innovation



- E-Commerce
- Technology
- Marketing Services



# A FULLY INTEGRATED OFFER

CREATING VALUE BY LEVERAGING ON AN INTEGRATED APPROACH AND CROSS FERTILIZATION

CORE OFFER

## TECHNOLOGY SERVICES

- Data analysis & insights
- Business analytics & predictive models
- Data science & machine learning
- Mar-Tech system integration
- Marketing Automation
- Business Process Automation

## E-COMMERCE SERVICES

- E-commerce solutions
- Interface development
- Experience Design
- Cloud Solutions

## MARKETING SERVICES

- 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**.

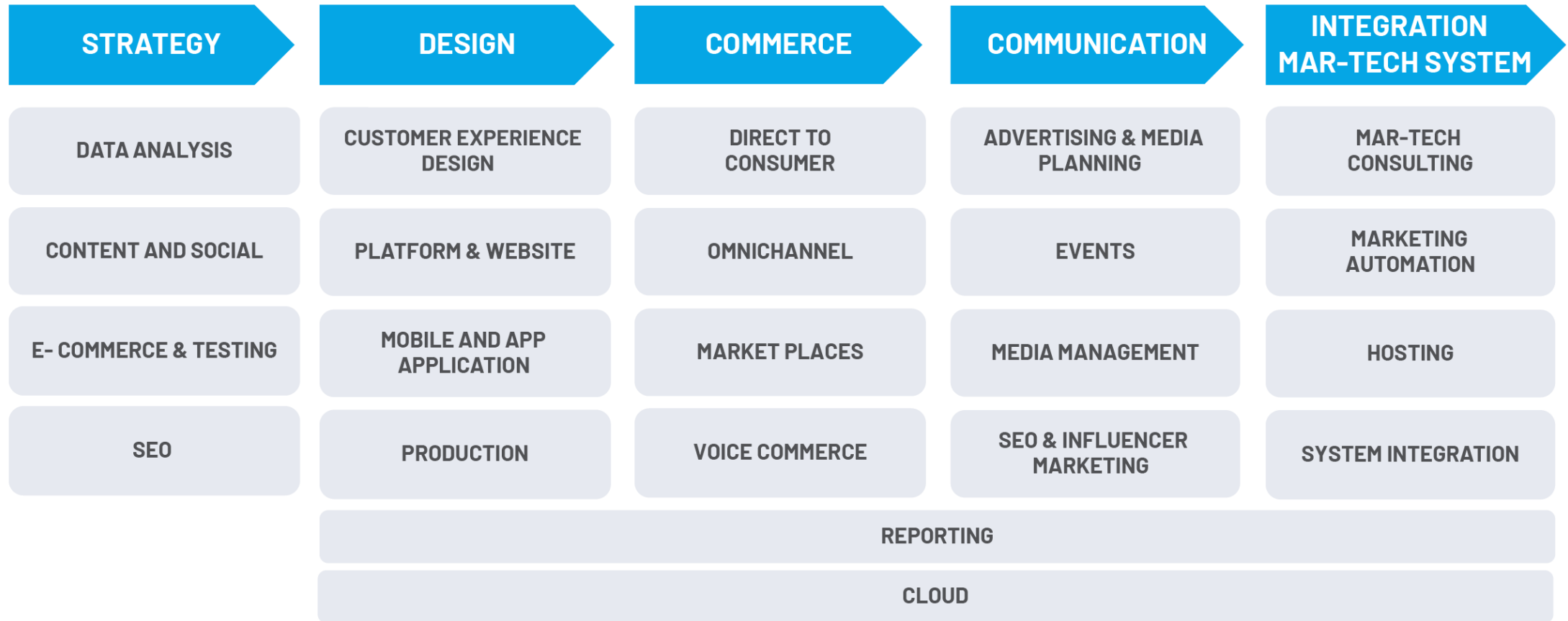
**Flexibility, market centricity, consultancy and assets integration are our keys**

SCALABILITY & PERFORMANCES



# FULL SERVICES VALUE CHAIN

CREATING VALUE FOR OUR CLIENTS ALL OVER THE VALUE CHAIN

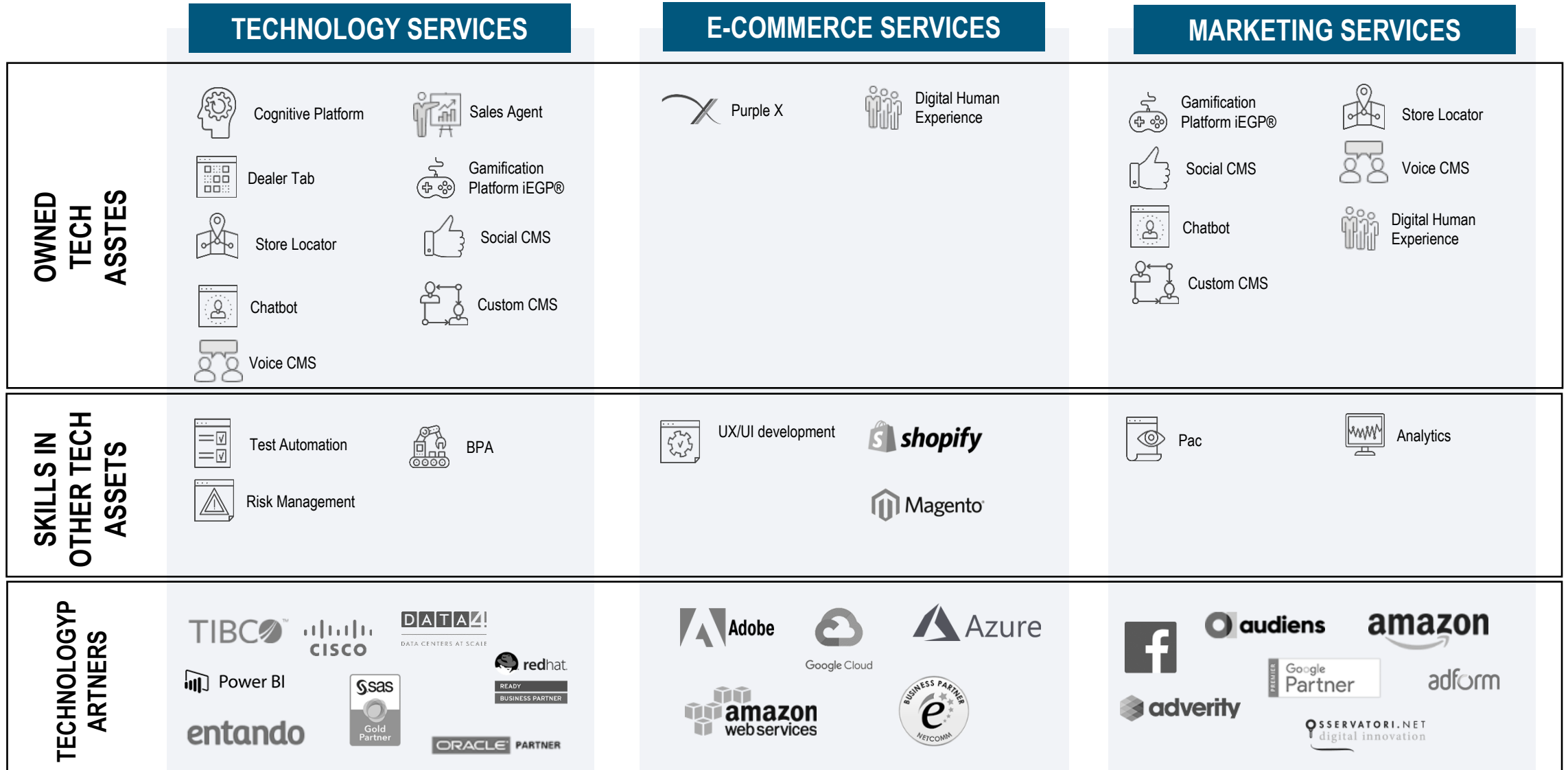






# MULTIPLE PROPRIETARY TECHNOLOGIES

## TECH SKILLS WITHIN THREE CORE DIVISIONS





# FOCUS ON INNOVATION



## MACHINE LEARNING

Proprietary platform - Meware Cognitive Platform (MCP) - which offers evolved **system of business analysis**, based on a modular architecture able to **analyse complex data**, also using algorithms from **machine learning** and **deep machine learning**

## CLOUD

Management of complex and heterogeneous infrastructures and capability to **project, implement and manage cloud environments** (private and public). It employs **elastic infrastructures** and erogates tailor-made managed service

## E-COMMERCE & WEB INTERFACES

Strong competences in **infrastructure services**, development of **e-commerce apps** and designing winning **user interfaces**. **Capabilities to develop stand alone ecommerce portals as well as ecommerce market place solutions**

## DIGITAL MARKETING

Skilled team of professionals in the **full set of digital marketing tools and products** leveraging on internal assets and capabilities as well as external partnerships with main software vendors

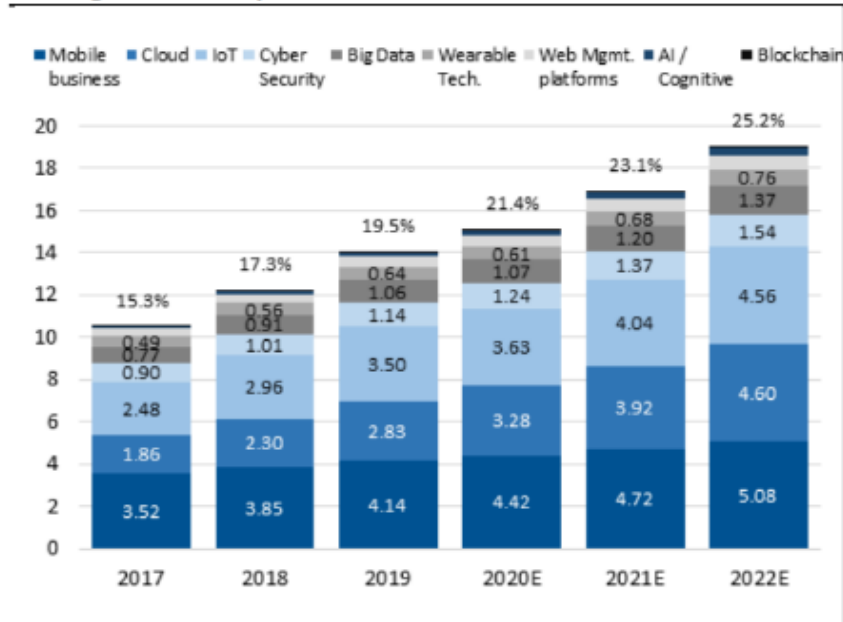


# WELL POSITIONED TO CAPTURE OPPORTUNITIES COMING FROM ITALIAN DIGITAL GAP

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

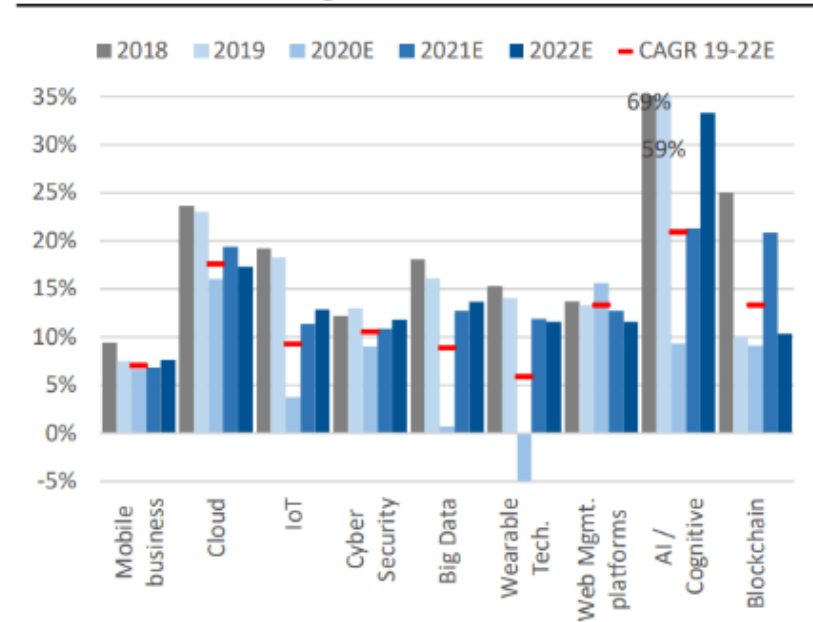
- **Organic trends:** i) “New digital habits of Italians” ii) “Growing digital adoption by Italian SMEs” iii) “Digital enablers”
- **Main goals for NRRP:** i) “Government service digitalisation” with investments to accelerate the digital transformation of PAs, also including (among others) the justice 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 datacenters 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)



# DIVERSIFIED PORTFOLIO

## EXPERTISE IN DIFFERENT SEGMENTS – CORE CUSTOMERS



RETAIL & E-COMMERCE



FOOD & BEVERAGE, CONSUMER GOODS



PUBLIC ADMINISTRATION



FASHION & LUXURY



FINANCE & INSURANCE



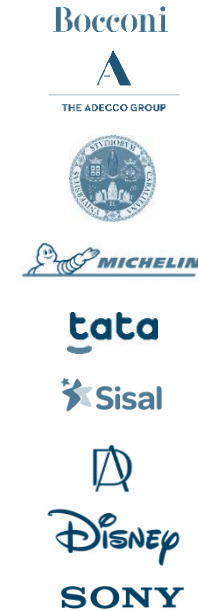
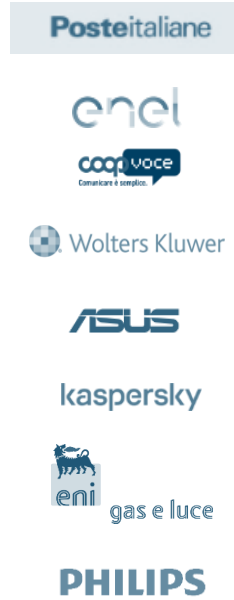
TELCO, UTILITIES, TECH & SERVICES



EDUCATION, ENTERTAINMENT, TRAVEL & AUTOMOTIVE



PHARMA & HEALTHCARE

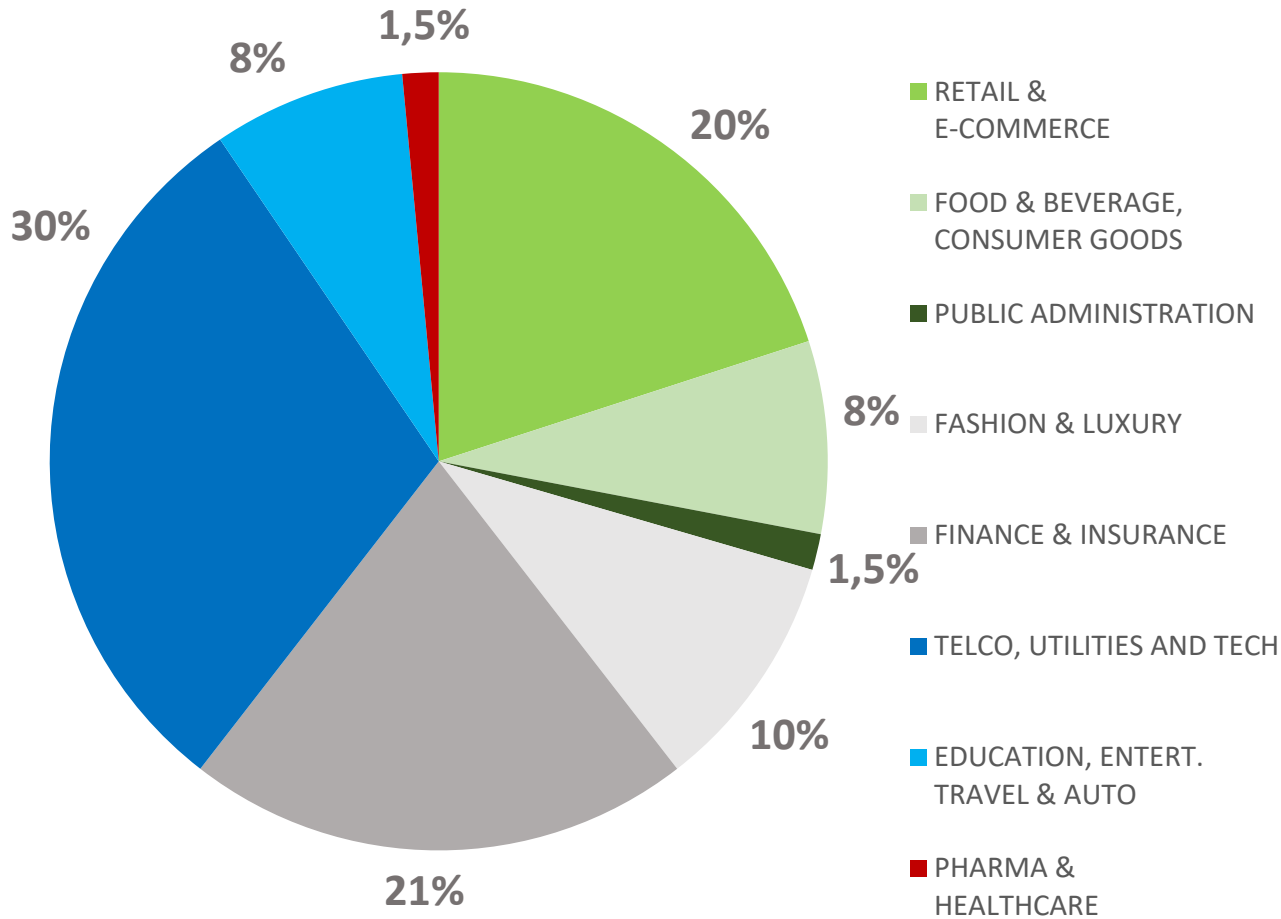


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# WELL BALANCED CLIENTS' PORTFOLIO

STRONG EXPERTISE IN TELCO, UTILITIES, FINANCE AND INSURANCE



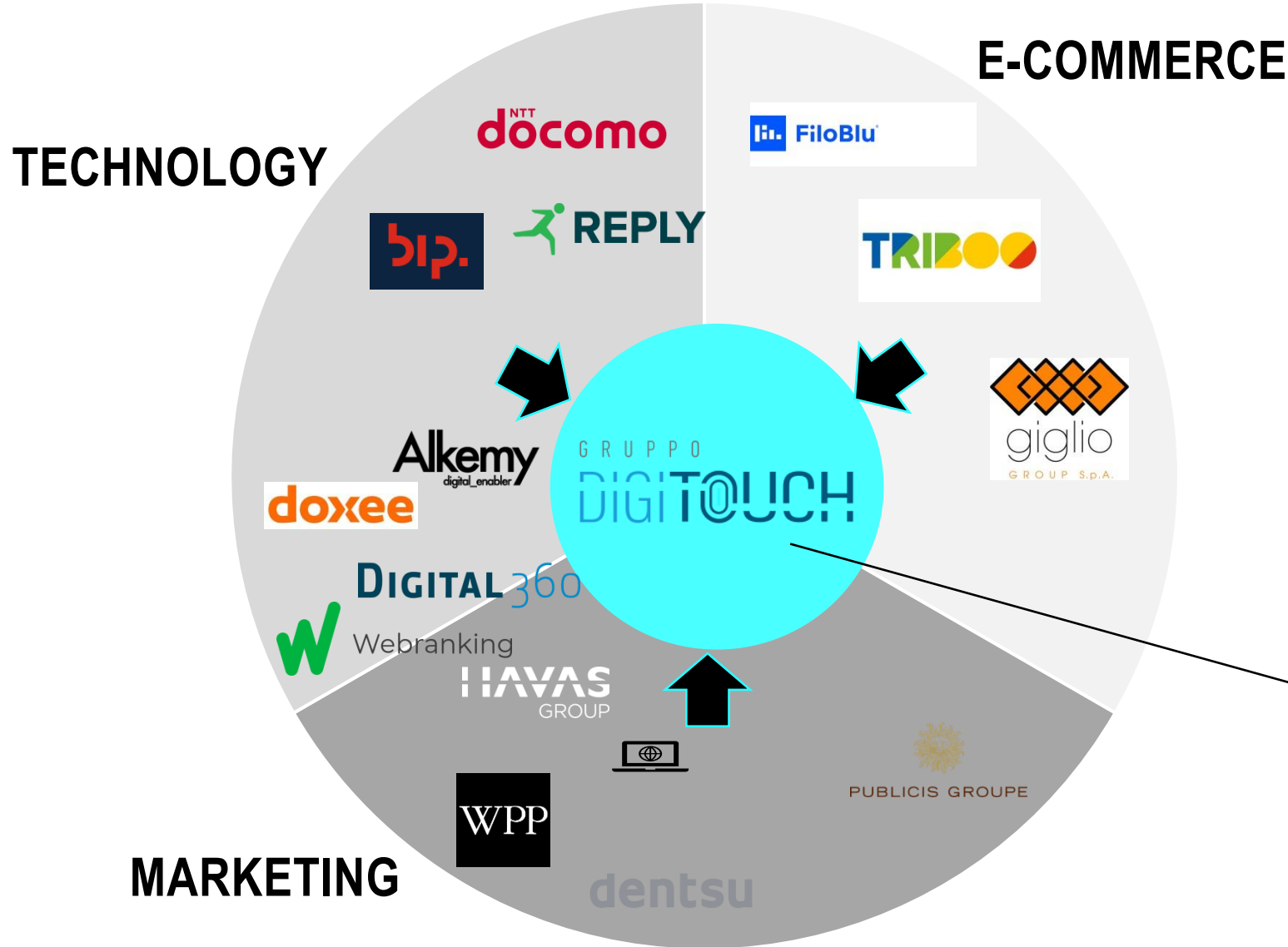
- Strong presence in key areas (i.e. telco, utilities, finance and insurance)
- Solid presence also in Retail & commerce and in Luxury
- Increasing market shares in PA and Pharma
- Around #20 new clients acquired in the last 6-8 months only – including top tier such as TIM, Bip, and Candy

## NEW CUSTOMERS in 2021





# 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**



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

## INSURTECH

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

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

## E-COMMERCE STREAMING

## CLOUD COMPUTING

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

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

## MACHINE LEARNING

## 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.



# ROBUST SET OF RESULTS IN 1H 2021



## ORGANIC GROWTH COMBINED WITH STRONG MARGINS

Recovery of major clients along with new customer acquisitions

- **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 margin on Revenues at 17%
  - **EBIT growing by 17%** with 5% of margin
- **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**

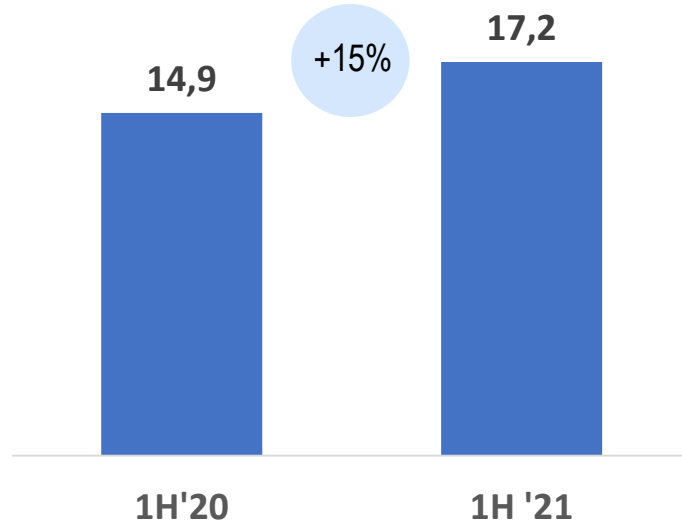




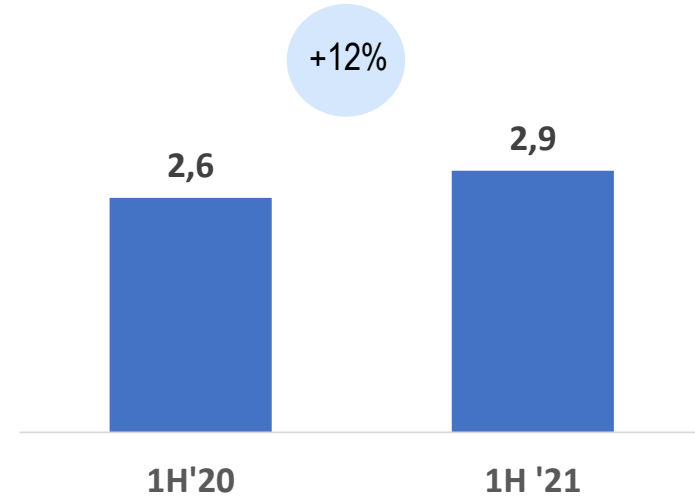


# 1H 2021 FINANCIAL HIGHLIGHTS

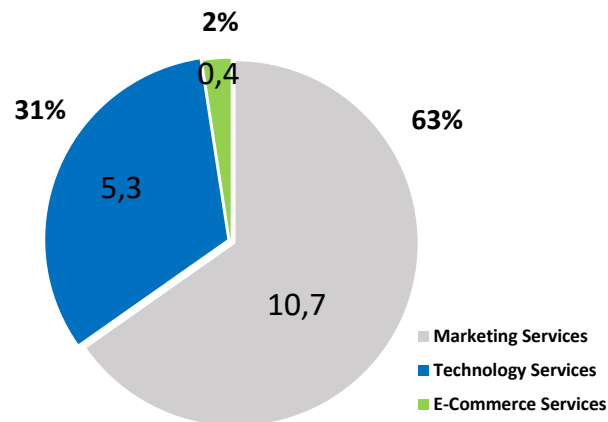
### REVENUES (€M)



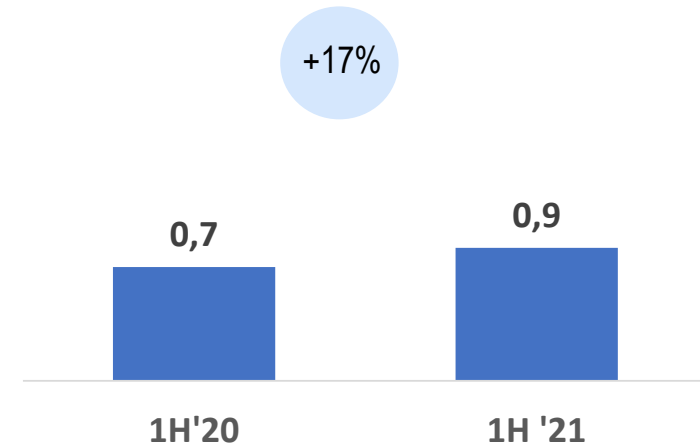
### EBITDA (€M)



### 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



# 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%
<i>EBITDA margin</i>	17,5%	17,0%	
EBIT	0,74	0,87	16,9%
<i>EBIT margin</i>	5,0%	5,0%	
Earnings before tax	0,57	0,73	26,7%
Net Income	0,39	0,35	-11,7%
<b>Net Income adj. for goodwill amortization</b>	<b>1,17</b>	<b>1,19</b>	<b>2,3%</b>
<i>Net Income adj. margin</i>	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; lower operating costs incidence on Revenues, and the new go-to-market approach (with focus on more profitable projects) as the positive drivers. All in all, Margins were stable YoY.
- **Capitalized cost** of €0,3m, down by 12% vs 1H 2020. **Depreciations and amortizations** 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



# 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
<b>Revenues</b>	<b>28,89</b>	<b>30,60</b>	<b>38,95</b>	<b>33,52</b>	<b>14,95</b>	<b>17,16</b>
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
<b>Net Equity after goodwill coverage</b>	<b>2,72</b>	<b>4,05</b>	<b>5,92</b>	<b>6,42</b>	<b>6,79</b>	<b>7,14</b>
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.	<b>1,66</b>	<b>1,62</b>	<b>2,26</b>	<b>1,67</b>	<b>1,17</b>	<b>1,19</b>
<i>Net Income adj. margin</i>	<i>5,7%</i>	<i>5,3%</i>	<i>5,8%</i>	<i>5,0%</i>	<i>7,8%</i>	<i>6,9%</i>

- **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

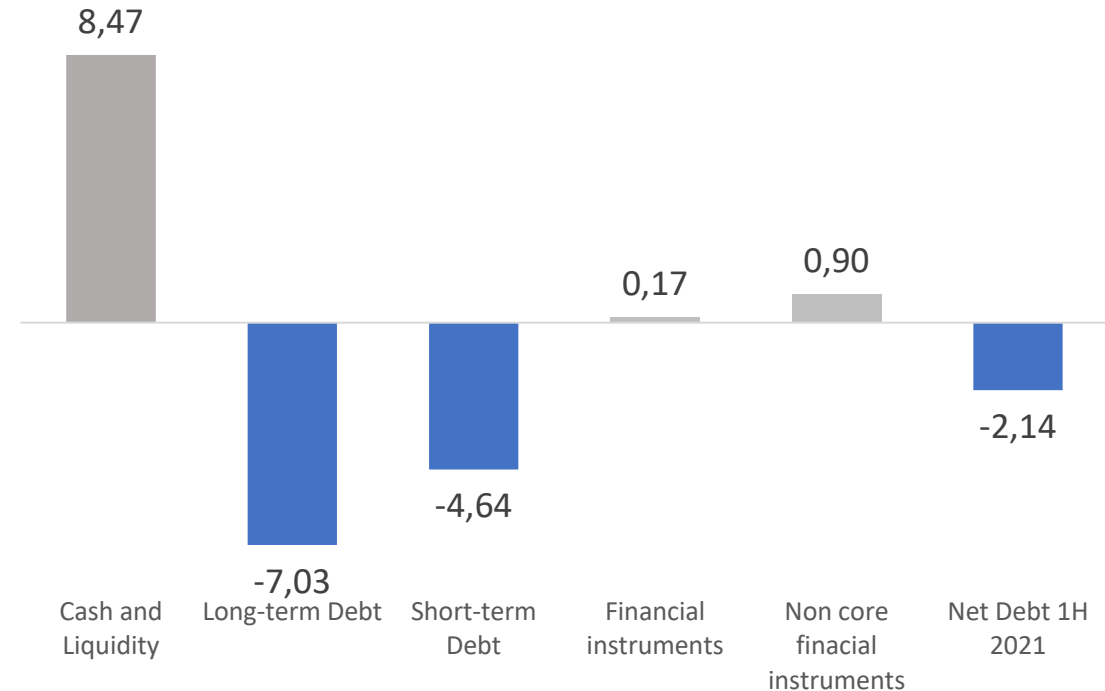


# 1H 2021 FCF GENERATION AND NFP DYNAMICS

## 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
<b>Operating Cash Flow</b>	<b>3,11</b>	<b>1,99</b>
Capital expenditures	-3,19	-0,09
Other (investments)/divestments	0,68	-1,05
<b>FCF</b>	<b>0,60</b>	<b>0,85</b>

## 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 Operating cash flow level due to 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



# 1H 2021 BALANCE SHEET: STRONG REDUCTION IN GOODWILL

## 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
<b>Net Capital Employed</b>	<b>16,78</b>	<b>16,81</b>
Net Equity	14,77	14,67
Net Financial Debt	2,01	2,14
<b>Net Equity and Funds</b>	<b>16,78</b>	<b>16,81</b>

- **Stable Net capital employed**, influenced by €1,1m investments in the controlled company Digital Market Solutions, and by €0,6m used to buy 7,1% shares of the innovative start-up Insurance 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



# STRATEGIC ROADMAP 2021 – GUIDANCE 2021 CONFIRMED



Revenues  $\geq$  €40m

EBITDA adj. €6,2-6,5m

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

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

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



# SOLID LONG-TERM GROUP



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

**.01**

**Significant commitment of Board Members Directors expressed through a share buy-back programme**

**06.**

**Stable high margins over time and significant cash flow generation**

**05.**



**.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**

# THANKS FOR YOUR TIME

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