

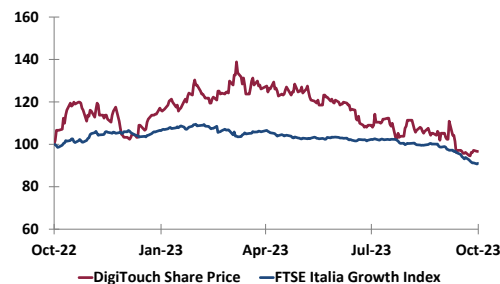


OUTPERFORM

Current Share Price (€): 2.04

Target Price (€): 3.89

DigiTouch - 1Y Performance



Source: S&P Capital IQ - Note: 10/10/2022=100

Company data

| | |
|------------------------|-----------------------|
| ISIN number | IT0005089476 |
| Bloomberg code | DGT IM |
| Reuters code | DGT.MI |
| Industry | Digital innovation |
| Stock market | Euronext Growth Milan |
| Share Price (€) | 2.04 |
| Date of Price | 10/10/2023 |
| Shares Outstanding (m) | 13.9 |
| Market Cap (€m) | 28.3 |
| Market Float (%) | 57.3% |
| Daily Volume | 0 |
| Avg Daily Volume YTD | 16,346 |
| Target Price (€) | 3.89 |
| Upside (%) | 91% |
| Recommendation | OUTPERFORM |

Share price performance

| | 1M | 3M | 6M | 1Y |
|--------------------------|-----|------|-------|------|
| DigiTouch - Absolute (%) | -8% | -11% | -24% | -3% |
| FTSE Italia Growth (%) | -8% | -11% | -14% | -9% |
| 1Y Range H/L (€) | | | 2.93 | 2.00 |
| YTD Change (€) / % | | | -0.32 | -14% |

Source: S&P Capital IQ

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Tech-powered services on the run, challenging marketing trends

H1 2023: Momentum for Technology, boosted by MobileSoft acquisition

Revenues in H1 were €20.2m, +6% on H1 2022, as a result of remarkable growth in Technology, reaching €10m revenues, and E-commerce BUs, respectively up organically by 47% and 71%, balanced by 35% decrease in Marketing. We note that H1 2023 results assume consolidation of 60% of MobileSoft (included in Technology BU) since beginning of the year. EBITDA was €3.4m, 17% on revenues, in line with H1 2022. EBIT was €2.1m and period net income €1.2m. Operating cash flow before investments was €4.5m, 136% of EBITDA. Disbursements for MobileSoft acquisition, capex and dividends led to absorb €3m net cash flow, with net debt increasing at €8.2m as of June 2023 (0.9x EBITDA), from €4.9m as of year-end 2022. Net debt adjusted of IFRS 16 leases would be €6.7m.

Integrated business model around cloud marketing mirrored in current performance

DigiTouch business model of cloud marketing provider blending marketing experience and creativity with technology skills, designed to chase different market trends and diversify revenues, is proving to work. New management appointed in the Marketing BU is renewing the selling proposition, leveraging on cloud power and AI-based platforms to reimagine and transform digital marketing. Next steps in the growth strategy: leveraging on national and international funds and public tenders; continuing to invest in talent management; further developing integration of data analytics and management, such as AI and Block Chain; DigiTouch keeps being in acquisition mode. New client achievements include Eni and Treccani.

Change in estimates

We are adjusting 2023E top-line to prudentially reflect the slowdown in Marketing BU. Management expects reassuring results for FY23, despite acknowledging a decrease in Marketing revenues because of the general economic environment and the ongoing technological transformation impacting advertising budgets. We confirm historical double-digit profitability, within management updated EBITDA guidance range €7.5-8m.

Target Price €3.89 per share and OUTPERFORM rating confirmed

DigiTouch continues on the growth path, supplementing organic growth with regular acquisitions. With updated estimates, we confirm our last target price of €3.89, 91% upside potential on current share price. The discount to the peer group on 2023-24E EV/EBITDA and EV/Revenues in the region of 10-30% supports our OUTPERFORM rating.

KEY FINANCIALS AND ESTIMATES

| €m | 2021 | 2022 | 2023E | 2024E | 2025E |
|---|--------------|--------------|--------------|--------------|--------------|
| Revenues | 37.1 | 41.3 | 44.1 | 56.6 | 61.0 |
| YoY % | - | 11% | 7% | 28% | 8% |
| EBITDA | 5.8 | 7.0 | 7.5 | 9.8 | 10.5 |
| Margin | 16% | 17% | 17% | 17% | 17% |
| Net Income | 2.1 | 2.5 | 2.5 | 3.8 | 4.0 |
| Net (Debt) Cash | (5.4) | (4.9) | (8.9) | (4.0) | 2.2 |
| Equity | 15.5 | 17.5 | 19.6 | 23.4 | 27.5 |
| KEY RATIOS | 2021 | 2022 | 2023E | 2024E | 2025E |
| Revenue per Employee (€k) | 140 | 155 | 125 | 140 | 131 |
| Net Debt/EBITDA | 0.9x | 0.7x | 1.2x | 0.4x | cash |
| Operating cash flow before capex/EBITDA | na | 53% | 78% | 76% | 84% |
| Basic EPS (€) | 0.15 | 0.18 | 0.18 | 0.27 | 0.29 |

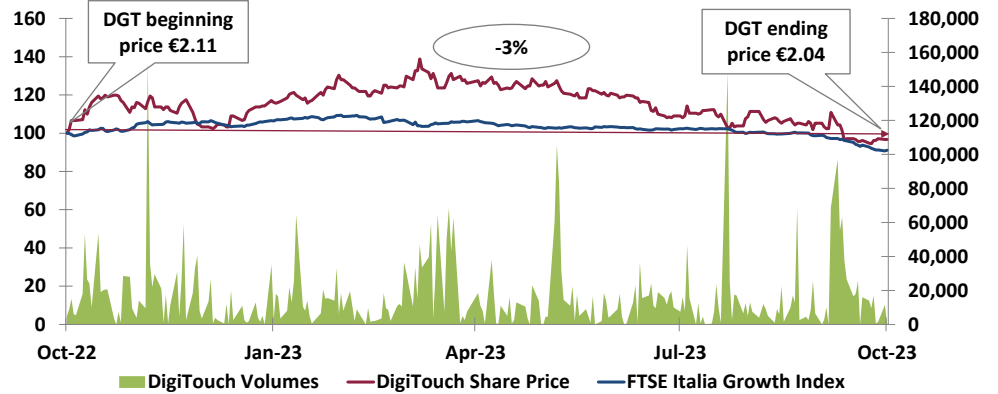
Source: Company data 2021-22A, EnVent Research 2023-25E IAS/IFRS

Market update

DigiTouch - 1Y Share price performance and trading volumes

Trading price range €2.00-2.93 per share

-3% LTM for DigiTouch, vs -9% for the Italia Growth Index

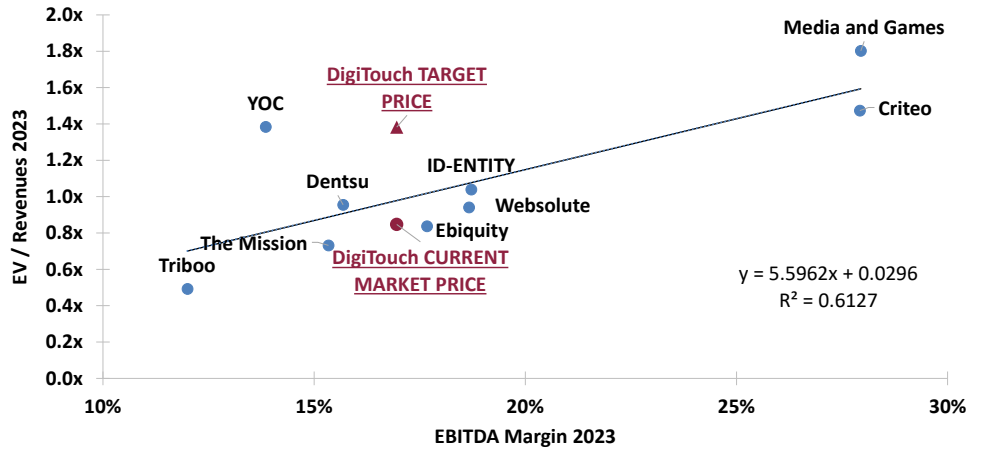


Source: EnVent Research on S&P Capital IQ - Note: 10/10/2022=100

Digital marketing & e-commerce - Regression analysis and DGT target positioning

Industry-like profitability

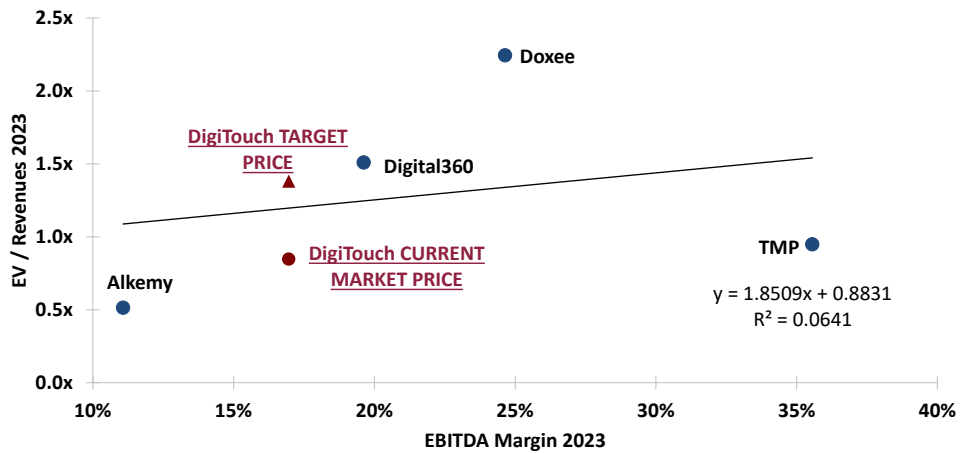
DigiTouch target positioning above the line



Source: EnVent Research on S&P Capital IQ, October 2023

Technology - Regression analysis and DGT target positioning

Low correlation within the group



Source: EnVent Research on S&P Capital IQ, October 2023

Investment case

Integrated market approach, leveraging on Marketing, Technology and E-commerce resources and skills

+15Y of history, nearly 400 people, 9 M&A

Balanced and diversified top-tier client portfolio

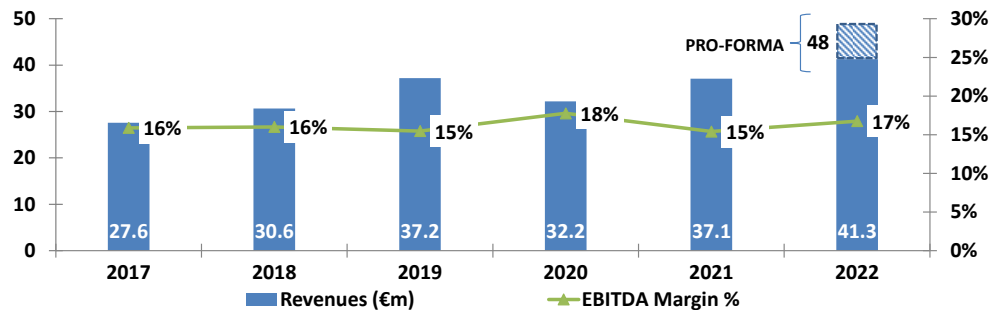
Strategy

DigiTouch, listed on Euronext Growth Milan, is an Italian cloud marketing company with an integrated offer of Marketing, Technology and E-commerce services through dedicated business units:

- Marketing: Omnichannel marketing, Content & Creativity, Tracking, SEO & CRO, Special projects, Digital event platform
- Technology: Data analysis & insights, Business analytics & predictive models, Data science & machine learning, Mar-Tech system integration, Marketing automation
- E-commerce: E-commerce, Interface development, Experience design, Cloud

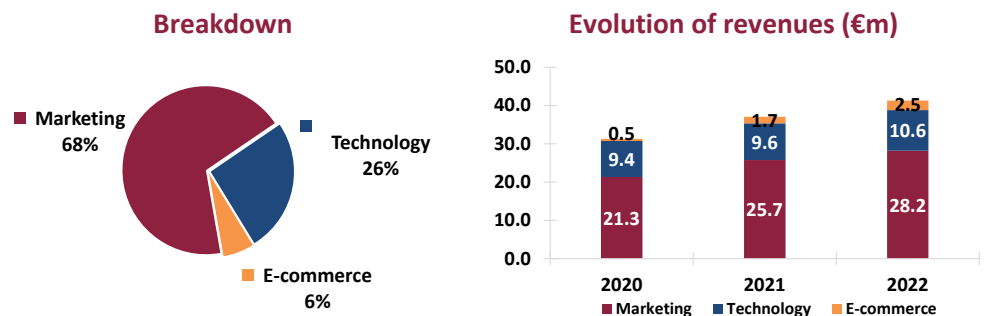
Founded in 2007, DigiTouch got listed in 2015, then grew organically and through 9 acquisitions. Over the years, DigiTouch has evolved from a pure digital advertising agency to a cloud marketing partner providing technology and solutions for digital transformation, leveraging on innovation, proprietary technology and reputation coming from continuing client relationships. The client portfolio is balanced among industries: telco & utilities, retail & e-commerce, finance and insurance, PA, etc. On the mid/long-run, DigiTouch will reinforce its market positioning through organic growth complemented by acquisitions, to add new client base and incorporate competencies into its technology stack.

Historical Revenues and EBITDA



Source: Company data, Italian GAAP 2017-20, IAS/IFRS 2021-22

Revenue analysis per BU, FY22



Source: Company data, Italian GAAP 2020, IAS/IFRS 2021-22

Industry and Company drivers

- Big shifts are transforming the industry, driven by innovation, new devices and technologies
- Increasing e-commerce sales
- Among first movers, with reputation of continuing innovation
- Business diversification and portfolio of prominent medium/large size clients, long-term relationships
- Proprietary technologies
- Proven track record of identifying, executing and integrating acquisitions
- Low financial debt, room to attract acquisition finance

Challenges

- Technological change
- Delivery of growth and profitability targets
- Competition and digital multinationals entering Pan-European markets
- Low barriers to entry and pricing trends
- Acquisitions payback

H1 2023 results

Consolidated Profit and Loss

| €m | H1 2022 | H1 2023 |
|--|-------------|-------------|
| Revenues | 18.9 | 20.2 |
| Other income | (0.0) | 0.1 |
| Total Revenues | 18.9 | 20.2 |
| YoY % | 15.9% | 6.9% |
| Operating costs | (9.8) | (8.8) |
| Personnel | (5.9) | (8.1) |
| Adjusted EBITDA | 3.2 | 3.4 |
| Margin | 16.8% | 16.9% |
| Non-recurring costs, reorganization expenses | 0.0 | (0.1) |
| EBITDA | 3.2 | 3.3 |
| Margin | 16.8% | 16.4% |
| D&A | (1.2) | (1.2) |
| EBIT | 2.0 | 2.1 |
| Margin | 10.5% | 10.6% |
| Interest | (0.2) | (0.4) |
| EBT | 1.8 | 1.8 |
| Margin | 9.7% | 8.8% |
| Income taxes | (0.6) | (0.5) |
| Net Income (Loss) | 1.2 | 1.2 |
| Margin | 6.5% | 6.1% |
| Net Income attributable to Parent company | 1.2 | 1.25 |
| Non-controlling interests | (0.0) | (0.0) |
| Consolidated Net Income (Loss) | 1.2 | 1.2 |

Consolidated Balance Sheet

| €m | H1 2022 | 2022 | H1 2023 |
|---------------------------------------|--------------|--------------|--------------|
| Inventory | 0.1 | 0.2 | 0.2 |
| Trade receivables | 15.2 | 19.2 | 16.8 |
| Trade payables | (8.6) | (10.8) | (7.7) |
| Trade Working Capital | 6.8 | 8.5 | 9.3 |
| Other assets (liabilities) | (3.2) | (3.9) | (6.0) |
| Net Working Capital | 3.6 | 4.7 | 3.3 |
| Intangible assets | 5.6 | 5.1 | 4.9 |
| Goodwill | 11.7 | 11.7 | 17.5 |
| Fixed assets | 2.3 | 2.6 | 2.4 |
| Financial investments and receivables | 0.4 | 0.7 | 1.8 |
| Non-current assets | 20.1 | 20.1 | 26.6 |
| Provisions | (2.1) | (2.3) | (2.7) |
| Net Invested Capital | 21.6 | 22.4 | 27.2 |
| Cash and cash equivalents | (7.3) | (8.0) | (5.3) |
| Marketable securities | (0.8) | (0.8) | (0.9) |
| Short-term financial receivables | (0.0) | 0.0 | 0.0 |
| Bank debt | 11.6 | 12.1 | 10.5 |
| Put liabilities | 0.4 | 0.0 | 2.4 |
| Financial debt IFRS 16 | 1.2 | 1.6 | 1.5 |
| Net Debt (Cash) | 5.2 | 4.9 | 8.2 |
| Group Equity | 15.8 | 17.0 | 18.2 |
| Minority shareholders' Equity | 0.6 | 0.6 | 0.8 |
| Equity | 16.4 | 17.5 | 19.0 |
| Sources | 21.6 | 22.4 | 27.2 |

Source: Company data, IAS/IFRS

Consolidated Cash Flow

| €m | H1 2022 | H1 2023 |
|---|------------|--------------|
| EBIT | 2.0 | 2.1 |
| Current taxes | (0.6) | (0.5) |
| D&A | 1.2 | 1.2 |
| Provisions | 0.1 | 0.4 |
| Cash flow from P&L operations | 2.7 | 3.1 |
| Trade Working Capital | (0.8) | (0.7) |
| Other assets and liabilities | (0.2) | 2.1 |
| Operating cash flow before capex | 1.7 | 4.5 |
| Capex | (0.6) | (0.8) |
| Acquisition investment | (0.4) | (5.8) |
| Operating cash flow after WC and capex | 0.6 | (2.0) |
| Financial investments and receivables | 0.1 | (1.1) |
| Interest | (0.2) | (0.4) |
| Dividends | (0.3) | (0.3) |
| Change in equity | 0.0 | 0.6 |
| Net cash flow | 0.2 | (3.3) |
| Net (Debt) Cash - Beginning | (5.4) | (4.9) |
| Net (Debt) Cash - End | (5.2) | (8.2) |
| Change in Net (Debt) Cash | 0.2 | (3.3) |

Ratio analysis

| KPIs | H1 2022 | H1 2023 |
|---|---------|---------|
| ROE | 15% | 15% |
| ROS (EBIT/Revenues) | 11% | 11% |
| ROIC (NOPAT/Invested Capital) | 18% | 16% |
| DSO | 119 | 123 |
| DPO | 129 | 130 |
| TWC/Revenues | 18% | 23% |
| Revenue per Employee (€k) | 133 | 115 |
| Net Debt/EBITDA | 0.8x | 0.9x |
| Net Debt/Equity | 0.3x | 0.4x |
| Debt/Debt + Equity | 0.2x | 0.3x |
| Cash flow from P&L operations/EBITDA | 84% | 95% |
| Operating cash flow before capex/EBITDA | 53% | 136% |
| FCF/EBITDA | 19% | neg |
| Basic EPS (€) | 0.09 | 0.09 |

Source: Company data, IAS/IFRS - Note: H1 KPIs calculated on LTM economics

Business update

New technology-powered selling proposition for Marketing BU

Launch of AI-based marketing content engine platform

Client achievements

- Marketing BU reshaped selling proposition and positioning - After the H1 slowdown in the results of the Marketing BU, mainly due to exogenous factors (general economic environment impacting user budgets; ongoing technological transformation with Artificial Intelligence impacting advertising), a new management team with a marketing technology background was introduced, redesigning the service offering and go-to-market strategy. The new selling proposition envisages *brand solutions enabled by innovative thinking & artificial intelligence*. Main products/services: Content engine platform (for content creation), People content platform (mar-tech solutions for influencer and content creator marketing), Digital assets optimization services (management platform for brands' proprietary assets), Performance marketing suite (media and audience segmentation products).
- Award of Eni three-year contract for digital communication projects through different formats and AI technologies
- Engagement by Treccani to develop the e-commerce marketplace. DigiTouch has entered into a newco with Treccani (Treccani Emporium) with a 17.6% stake and will be running its full operations and digital marketing.

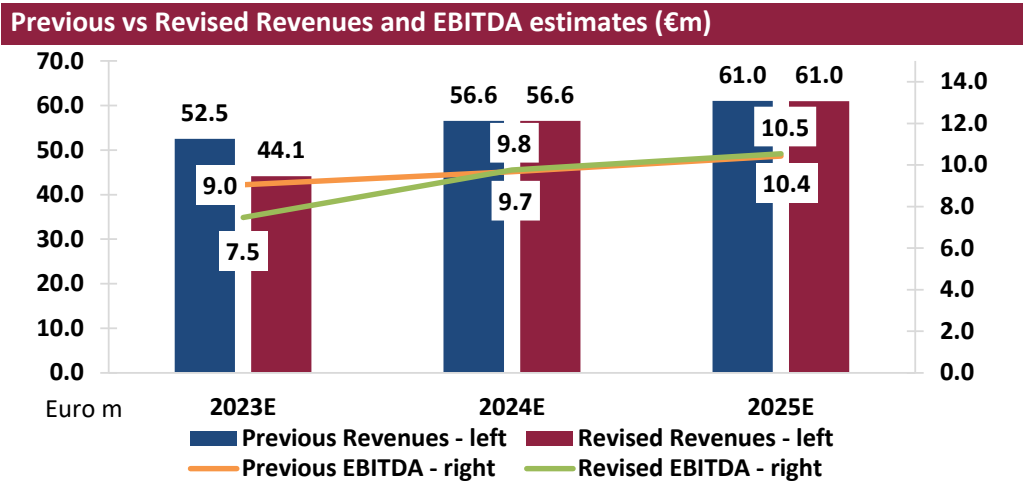
Period corporate facts

- As of June 30th, DigiTouch had 177,021 treasury shares, corresponding to 1.27% ownership share - Current figure of 202,521, 1.46% share, as of October 9th 2023

Estimates revision

We are revising 2023E top-line to prudentially reflect the slowdown in Marketing BU, resulting in a 15% decrease from €52m to €44m. We factor in H1 results also as to operating costs and personnel, confirming the historical double-digit profitability in the high teens, within management updated EBITDA guidance range of €7.5-8m.

Change in estimates



Source: EnVent Research

| €m | Revised | | | Previous | | | Change % | | |
|------------------------|---------|-------|-------|----------|-------|-------|----------|-------|-------|
| | 2023E | 2024E | 2025E | 2023E | 2024E | 2025E | 2023E | 2024E | 2025E |
| Revenues | 44.1 | 56.6 | 61.0 | 52.5 | 56.6 | 61.0 | -16% | 0% | 0% |
| EBITDA | 7.5 | 9.8 | 10.5 | 9.0 | 9.7 | 10.4 | -17% | 1% | 1% |
| <i>Margin</i> | 17% | 17% | 17% | 17% | 17% | 17% | | | |
| EBIT | 4.5 | 6.5 | 6.9 | 6.0 | 6.2 | 6.4 | -25% | 5% | 7% |
| <i>Margin</i> | 10% | 11% | 11% | 11% | 11% | 11% | | | |
| Net Income | 2.5 | 3.8 | 4.0 | 3.4 | 3.5 | 3.7 | -29% | 7% | 10% |
| Net (Debt) Cash | (8.9) | (4.0) | 2.2 | (6.5) | (2.4) | 2.4 | 36% | 69% | -9% |
| <i>Net Debt/EBITDA</i> | 1.2x | 0.4x | cash | 0.7x | 0.2x | cash | | | |

Source: EnVent Research

Financial projections

Consolidated Profit and Loss

| €m | 2021 | 2022 | 2023E | 2024E | 2025E |
|--|-------------|-------------|-------------|-------------|-------------|
| Revenues | 37.0 | 41.3 | 44.0 | 56.6 | 61.0 |
| Other income | 0.1 | 0.0 | 0.1 | 0.0 | 0.0 |
| Total Revenues | 37.1 | 41.3 | 44.1 | 56.6 | 61.0 |
| YoY % | 15.3% | 11.3% | 6.9% | 28.2% | 7.8% |
| Operating costs | (20.3) | (22.0) | (22.0) | (30.0) | (31.1) |
| Personnel | (10.9) | (12.3) | (14.6) | (16.8) | (19.4) |
| Adjusted EBITDA | 5.8 | 7.0 | 7.5 | 9.8 | 10.5 |
| Margin | 15.7% | 17.0% | 16.9% | 17.2% | 17.3% |
| Non-recurring costs | (0.1) | (0.1) | (0.1) | 0.0 | 0.0 |
| EBITDA | 5.7 | 6.9 | 7.4 | 9.8 | 10.5 |
| Margin | 15.4% | 16.8% | 16.7% | 17.2% | 17.3% |
| D&A | (2.5) | (2.5) | (2.9) | (3.3) | (3.6) |
| Provisions for risks and other charges | (0.1) | (0.2) | 0.0 | 0.0 | 0.0 |
| EBIT | 3.2 | 4.2 | 4.5 | 6.5 | 6.9 |
| Margin | 8.5% | 10.1% | 10.2% | 11.5% | 11.3% |
| Interest | (0.2) | (0.4) | (0.7) | (0.7) | (0.7) |
| EBT | 3.0 | 3.8 | 3.8 | 5.8 | 6.2 |
| Margin | 8.0% | 9.2% | 8.5% | 10.2% | 10.1% |
| Income taxes | (0.8) | (1.3) | (1.3) | (2.0) | (2.1) |
| Net Income | 2.1 | 2.5 | 2.5 | 3.8 | 4.0 |
| Margin | 5.8% | 6.0% | 5.6% | 6.7% | 6.6% |

Source: Company data 2021-22A, EnVent Research 2023-25E - IAS/IFRS

Consolidated Balance Sheet

| €m | 2021 | 2022 | 2023E | 2024E | 2025E |
|---------------------------------------|--------------|--------------|--------------|--------------|--------------|
| Inventory | 0.1 | 0.2 | 0.2 | 0.2 | 0.2 |
| Trade receivables | 15.0 | 19.2 | 19.9 | 25.5 | 26.5 |
| Trade payables | (9.2) | (10.8) | (10.3) | (14.0) | (14.6) |
| Trade Working Capital | 5.9 | 8.5 | 9.7 | 11.6 | 12.1 |
| Other assets (liabilities) | (3.3) | (3.9) | (4.4) | (5.7) | (6.1) |
| Net Working Capital | 2.6 | 4.7 | 5.3 | 6.0 | 6.0 |
| Intangible assets | 6.0 | 5.1 | 4.1 | 2.8 | 1.2 |
| Goodwill | 11.3 | 11.7 | 17.5 | 17.5 | 17.5 |
| Fixed assets | 2.5 | 2.6 | 2.5 | 2.4 | 2.2 |
| Financial investments and receivables | 0.5 | 0.7 | 1.8 | 1.8 | 1.8 |
| Non-current assets | 20.3 | 20.1 | 25.9 | 24.5 | 22.7 |
| Provisions | (2.0) | (2.3) | (2.7) | (3.0) | (3.4) |
| Net Invested Capital | 20.9 | 22.4 | 28.5 | 27.4 | 25.3 |
| Net Debt (Cash) | 5.4 | 4.9 | 8.9 | 4.0 | (2.2) |
| Equity | 15.5 | 17.5 | 19.6 | 23.4 | 27.5 |
| Sources | 20.9 | 22.4 | 28.5 | 27.4 | 25.3 |

Source: Company data 2021-22A, EnVent Research 2023-25E - IAS/IFRS

Consolidated Cash Flow

| €m | 2022 | 2023E | 2024E | 2025E |
|---|------------|--------------|------------|------------|
| EBIT | 4.2 | 4.5 | 6.5 | 6.9 |
| Current taxes | (1.3) | (1.3) | (2.0) | (2.1) |
| D&A | 2.5 | 2.9 | 3.3 | 3.6 |
| Provisions | 0.3 | 0.4 | 0.3 | 0.4 |
| Cash flow from P&L operations | 5.7 | 6.4 | 8.1 | 8.8 |
| Trade Working Capital | (2.6) | (1.2) | (1.9) | (0.5) |
| Other assets and liabilities | 0.6 | 0.5 | 1.3 | 0.4 |
| Operating cash flow before capex | 3.7 | 5.8 | 7.4 | 8.8 |
| Capex | (1.8) | (1.8) | (1.8) | (1.9) |
| Acquisition investment | (0.4) | (5.8) | 0.0 | 0.0 |
| Operating cash flow after WC and capex | 1.5 | (1.8) | 5.6 | 6.9 |
| Financial investments and receivables | (0.2) | (1.1) | 0.0 | 0.0 |
| Interest | (0.4) | (0.7) | (0.7) | (0.7) |
| Dividends | (0.3) | (0.3) | 0.0 | 0.0 |
| Treasury shares reserve | (0.3) | (0.0) | 0.0 | 0.0 |
| Change in equity | 0.1 | 0.0 | 0.0 | 0.0 |
| Net cash flow | 0.5 | (4.0) | 4.9 | 6.2 |
| Net (Debt) Cash - Beginning | (5.4) | (4.9) | (8.9) | (4.0) |
| Net (Debt) Cash - End | (4.9) | (8.9) | (4.0) | 2.2 |
| Change in Net (Debt) Cash | 0.5 | (4.0) | 4.9 | 6.2 |

Source: Company data 2021-22A, EnVent Research 2023-25E - IAS/IFRS

Ratio analysis

| KPIs | 2021 | 2022 | 2023E | 2024E | 2025E |
|---|-------|-------|-------|-------|-------|
| ROE | 14% | 15% | 13% | 18% | 16% |
| ROS (EBIT/Revenues) | 9% | 10% | 10% | 11% | 11% |
| ROIC (NOPAT/Invested Capital) | 11% | 14% | 13% | 17% | 19% |
| DSO | 122 | 139 | 135 | 135 | 130 |
| DPO | 136 | 148 | 140 | 140 | 140 |
| TWC/Revenues | 16% | 18% | 21% | 19% | 19% |
| Revenue per Employee (€k) | 140 | 155 | 125 | 140 | 131 |
| Net Debt/EBITDA | 0.9x | 0.7x | 1.2x | 0.4x | cash |
| Net Debt/Equity | 0.3x | 0.3x | 0.5x | 0.2x | cash |
| Debt/(Debt + Equity) | 0.3x | 0.2x | 0.3x | 0.1x | cash |
| Cash flow from P&L operations/EBITDA | na | 82% | 86% | 83% | 84% |
| Operating cash flow before capex/EBITDA | na | 53% | 78% | 76% | 84% |
| FCF/EBITDA | na | 21% | -24% | 57% | 66% |
| Basic EPS (€) | 0.15 | 0.18 | 0.18 | 0.27 | 0.29 |
| Dividend yield | 1.1% | 1.1% | na | na | na |
| Pay-out ratio | 13.8% | 14.0% | na | na | na |

Source: Company data 2021-22A, EnVent Research 2023-25E

Valuation

We have updated our DCF, market multiples and Sum of Parts valuations.

Discounted Cash Flows

Updated assumptions:

- Risk free rate: 4% (Italian 10-year government bonds interest rate - last 30 days average. Source: Bloomberg, October 2023)
- Market return: 12.5% (last 30 days average. Source: Bloomberg, October 2023)
- Market risk premium: 8.5%
- Beta: 1 (judgmental, from peers analysis. Source: Bloomberg, October 2023)
- Cost of equity: 12%
- Cost of debt: 5%
- Tax rate: 24% (IRES)
- 25% debt/(debt + equity) as target capital structure
- WACC calculated at 10%
- Perpetual growth rate after explicit projections (G): 2.5%
- Terminal Value assumes an EBITDA margin of 16%

DCF Valuation

| €m | 2021 | 2022 | 2023E | 2024E | 2025E | Perpetuity |
|--|--------------|--------------|--------------|--------------|--------------|--------------|
| Revenues | 37.1 | 41.3 | 44.1 | 56.6 | 61.0 | 62.5 |
| EBITDA | 5.7 | 6.9 | 7.4 | 9.8 | 10.5 | 10.0 |
| <i>Margin</i> | <i>15.4%</i> | <i>16.8%</i> | <i>16.7%</i> | <i>17.2%</i> | <i>17.3%</i> | <i>16.0%</i> |
| EBIT | 3.2 | 4.2 | 4.5 | 6.5 | 6.9 | 7.0 |
| <i>Margin</i> | <i>8.5%</i> | <i>10.1%</i> | <i>10.2%</i> | <i>11.5%</i> | <i>11.3%</i> | <i>11.2%</i> |
| Taxes | (0.9) | (1.2) | (1.3) | (1.8) | (1.9) | (2.0) |
| NOPAT | 2.3 | 3.0 | 3.2 | 4.7 | 5.0 | 5.1 |
| D&A | | 2.5 | 2.9 | 3.3 | 3.6 | 3.0 |
| Provisions | | 0.3 | 0.4 | 0.3 | 0.4 | 0.0 |
| Cash flow from P&L operations | | 5.9 | 6.5 | 8.3 | 9.0 | 8.1 |
| Trade Working Capital | | (2.6) | (1.2) | (1.9) | (0.5) | (0.3) |
| Other assets and liabilities | | 0.6 | 0.5 | 1.3 | 0.4 | 0.0 |
| Capex and acquisition investment | | (2.2) | (7.6) | (1.8) | (1.9) | (3.0) |
| Yearly unlevered free cash flow | | 1.6 | (1.7) | 5.8 | 7.1 | 4.8 |
| - H1 unlevered free cash flow | | | 2.1 | | | |
| Free Cash Flow to be discounted | | | 0.4 | 5.8 | 7.1 | 4.8 |
| WACC | 10.0% | | | | | |
| Long-term growth (G) | 2.5% | | | | | |
| Discounted Cash Flows | | | 0.4 | 5.0 | 5.6 | |
| Sum of Discounted Cash Flows | 11.0 | | | | | |
| Terminal Value | | | | | | 63.5 |
| Discounted TV | 50.0 | | | | | |
| Enterprise Value | 61.0 | | | | | |
| Net Debt as of 30/06/2023 | (8.2) | | | | | |
| Minorities as of 30/06/2023 | (0.8) | | | | | |
| Own shares current | 0.5 | | | | | |
| Equity Value | 52.5 | | | | | |

Source: EnVent Research

| DCF - Implied multiples | 2021 | 2022 | 2023E | 2024E | 2025E |
|--|-------|-------|-------|-------|-------|
| EV/Revenues | 1.6x | 1.5x | 1.4x | 1.1x | 1.0x |
| EV/EBITDA | 10.7x | 8.8x | 8.3x | 6.3x | 5.8x |
| EV/EBIT | 19.3x | 14.6x | 13.6x | 9.4x | 8.8x |
| P/E | 24.5x | 21.2x | 21.3x | 13.9x | 13.0x |
| Discount of current market price vs DCF 41% | | | | | |
| Current market price - Implied multiples | 2021 | 2022 | 2023E | 2024E | 2025E |
| EV/Revenues | 1.0x | 0.9x | 0.8x | 0.6x | 0.6x |
| EV/EBITDA | 6.3x | 5.2x | 4.9x | 3.7x | 3.4x |
| EV/EBIT | 11.5x | 8.7x | 8.1x | 5.6x | 5.3x |
| P/E | 12.9x | 11.2x | 11.3x | 7.3x | 6.9x |

Source: EnVent Research

Market multiples

| Company | EV/REVENUES | | | EV/EBITDA | | | EV/EBIT | | | P/E | | |
|---|-------------|-------------|-------------|--------------|-------------|-------------|--------------|--------------|-------------|--------------|--------------|-------------|
| | 2022 | 2023E | 2024E | 2022 | 2023E | 2024E | 2022 | 2023E | 2024E | 2022 | 2023E | 2024E |
| Technology | | | | | | | | | | | | |
| Alkemy | 0.7x | 0.5x | 0.5x | 8.1x | 4.6x | 4.1x | 9.6x | 7.2x | 5.8x | 10.9x | 9.4x | 6.1x |
| Digital360 | 1.8x | 1.5x | 1.3x | 18.4x | 7.7x | 6.4x | 23.5x | 8.9x | 7.3x | nm | 14.7x | 11.2x |
| Doxee | 3.6x | 2.2x | 1.9x | nm | 9.1x | 7.3x | nm | 18.5x | 12.1x | nm | 20.3x | 12.8x |
| TMP | na | 0.9x | 0.7x | na | 2.7x | 2.0x | na | 3.2x | 2.4x | na | 4.5x | 2.9x |
| Mean | 2.0x | 1.3x | 1.1x | 13.2x | 6.0x | 5.0x | 16.6x | 9.4x | 6.9x | nm | 12.3x | 8.2x |
| Median | 1.8x | 1.2x | 1.0x | 13.2x | 6.2x | 5.3x | 16.6x | 8.1x | 6.5x | nm | 12.1x | 8.7x |
| Digital marketing and e-commerce | | | | | | | | | | | | |
| Dentsu | 1.0x | 1.0x | 0.9x | 5.4x | 6.1x | 5.2x | 7.8x | 9.9x | 7.3x | 18.3x | na | na |
| Criteo | 0.6x | 1.5x | 1.4x | 10.2x | 5.3x | 5.3x | 34.8x | 14.8x | 10.7x | nm | 9.3x | 8.4x |
| Media and Games | 1.5x | 1.8x | 1.6x | 6.4x | 6.5x | 5.6x | 14.8x | 10.0x | 8.7x | neg | 10.1x | 6.6x |
| The Mission | 0.3x | 0.7x | 0.7x | 6.8x | 4.8x | 4.4x | 8.3x | 6.6x | 6.0x | nm | 4.9x | 4.4x |
| Ebiquity | 1.0x | 0.8x | 0.8x | neg | 4.7x | 4.2x | neg | 5.6x | 4.9x | neg | 6.2x | 5.2x |
| Websolute | 1.0x | 0.9x | 0.8x | 12.2x | 5.0x | 4.3x | neg | 11.4x | 7.7x | neg | 16.9x | 11.3x |
| ID-ENTITY | 2.3x | 1.0x | 0.9x | 11.7x | 5.6x | 4.6x | 13.6x | 6.2x | 5.0x | 17.8x | 8.9x | 7.2x |
| Triboo | 0.5x | 0.5x | 0.4x | 12.2x | 4.1x | 3.3x | 16.6x | 34.1x | 12.7x | 46.6x | 282.2x | 12.2x |
| YOC | 1.9x | 1.4x | 1.1x | 21.3x | 10.0x | 7.9x | 21.8x | 15.8x | 12.0x | 19.7x | 14.8x | 11.4x |
| Softlab | 1.3x | na | na | 7.9x | na | na | 8.3x | na | na | 9.6x | na | na |
| Mean | 1.2x | 1.1x | 1.0x | 10.4x | 5.8x | 5.0x | 15.7x | 12.7x | 8.3x | 22.4x | 44.2x | 8.3x |
| Median | 1.0x | 1.0x | 0.9x | 10.2x | 5.3x | 4.6x | 14.2x | 10.0x | 7.7x | 18.3x | 9.7x | 7.8x |
| Combined Mean | 1.4x | 1.1x | 1.0x | 11.0x | 5.9x | 5.0x | 15.9x | 11.7x | 7.9x | 20.5x | 33.5x | 8.3x |
| Combined Median | 1.0x | 1.0x | 0.9x | 10.2x | 5.3x | 4.6x | 14.2x | 9.9x | 7.3x | 18.1x | 9.7x | 7.8x |
| DigiTouch | 0.9x | 0.8x | 0.7x | 5.5x | 5.0x | 3.8x | 9.2x | 8.3x | 5.8x | 13.2x | 11.5x | 7.5x |

Source: EnVent Research on S&P Capital IQ, 10/10/2023

We have applied to our 2023-24 estimates the corresponding multiples from the peer group.

Application of market multiples

€m

| DigiTouch (€m) | Market Multiples | EV | Net debt 30/06/2023 | Minorities 30/06/2023 | Own shares current | Equity value |
|------------------|------------------|------|---------------------|-----------------------|--------------------|--------------|
| 2023E Revenues | 44.1 | 1.0x | 42.2 | (8.2) | 0.5 | 33.7 |
| 2024E Revenues | 56.6 | 0.9x | 51.9 | (8.2) | 0.5 | 43.4 |
| Mean | | | | | | 38.6 |
| 2023E EBITDA | 7.4 | 5.3x | 39.0 | (8.2) | 0.5 | 30.5 |
| 2024E EBITDA | 9.8 | 4.6x | 44.7 | (8.2) | 0.5 | 36.2 |
| Mean | | | | | | 33.4 |
| 2023E EBIT | 4.5 | 9.9x | 44.5 | (8.2) | 0.5 | 36.0 |
| 2024E EBIT | 6.5 | 7.3x | 47.3 | (8.2) | 0.5 | 38.9 |
| Mean | | | | | | 37.4 |
| 2023E Net income | 2.5 | 9.7x | | | | 24.0 |
| 2024E Net income | 3.8 | 7.8x | | | | 29.4 |
| Mean | | | | | | 26.7 |

Source: EnVent Research

Sum of the Parts

Being available BU revenues as segment reporting information, we perform a SOP valuation per BU using revenue metrics.

SOP application

€m

| DigiTouch | 2023 Market multiples | | |
|--|-----------------------|------|-------|
| Marketing BU | | | |
| 2023E Revenues | 20.3 | 1.0x | 19.4 |
| Technology BU | | | |
| 2023E Revenues | 26.0 | 1.3x | 33.9 |
| E-commerce BU | | | |
| 2023E Revenues | 3.7 | 1.0x | 3.6 |
| SOP EV DigiTouch | | | 56.9 |
| H1 2023 Net debt and minorities + own shares current | | | (8.5) |
| Equity value DigiTouch (€m) | | | 48.4 |

Source: EnVent Research

Target Price

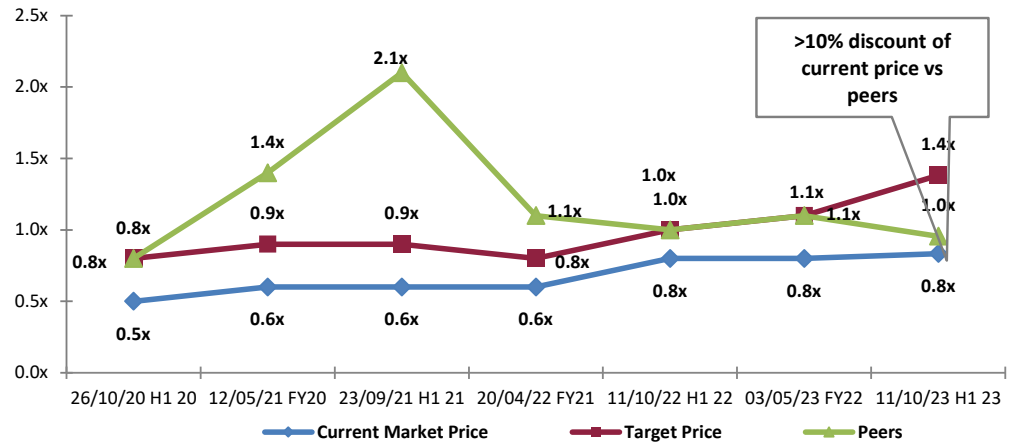
Our updated estimates and DCF valuation are overall consistent with our last target price of €3.89 per share, that we confirm, implying a 91% upside potential on current stock price and OUTPERFORM rating on DigiTouch stock.

| DigiTouch Price per Share | € |
|----------------------------------|------|
| Target Price | 3.89 |
| Current Share Price (10/10/2023) | 2.04 |
| Premium (Discount) | 91% |

Source: EnVent Research

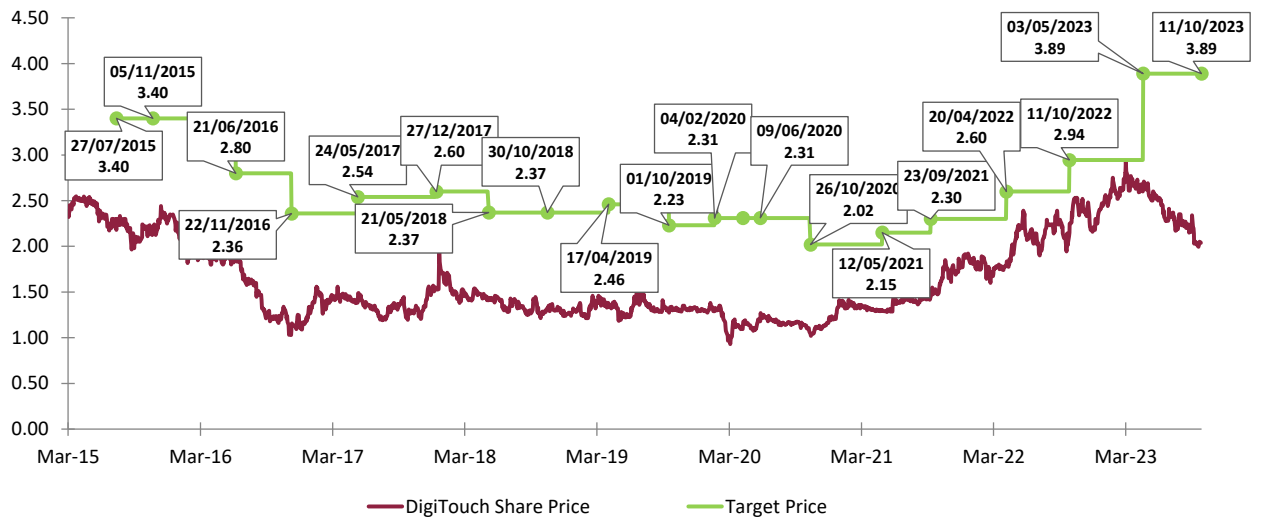
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Implied EV/Revenues vs industry median multiples



Source: EnVent Research on S&P Capital IQ, 11/10/2023

DigiTouch Share Price vs EnVent Target Price



Source: EnVent Research on S&P Capital IQ, 11/10/2023

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Equity ratings and valuations are issued in absolute terms, not relative to market performance.

Rating system and rationale (12-month time horizon):

OUTPERFORM: stocks are expected to have a total return above 10%;

NEUTRAL: stocks are expected to have a performance between -10% and +10% consistent with market or industry trend and appear less attractive than Outperform rated stocks;

UNDERPERFORM: stocks are among the least attractive in a peer group, with the target price 10% below the current market price;

UNDER REVIEW: target price under review, waiting for updated financial data, or other key information such as material transactions involving share capital or financing;

SUSPENDED: no rating/target price assigned, due to material uncertainties or other issues that seriously impair our previous investment ratings, price targets and earnings estimates;

NOT RATED: no rating or target price assigned.

Some flexibility on the limits of the total return rating ranges is permitted, especially during high market volatility cycles.

The stock price indicated in the report is the last closing price on the day of Production.

Date and time of Production: 10/10/2023 h. 6.25pm

Date and time of Distribution: 11/10/2023 h. 6.30pm

DETAILS ON STOCK RECOMMENDATION AND TARGET PRICE

| Date | Recommendation | Target Price (€) | Share Price (€) |
|------------|----------------|------------------|-----------------|
| 27/07/2015 | OUTPERFORM | 3.40 | 2.18 |
| 05/11/2015 | OUTPERFORM | 3.40 | 2.13 |
| 21/06/2016 | OUTPERFORM | 2.80 | 2.00 |
| 22/11/2016 | OUTPERFORM | 2.36 | 1.12 |
| 24/05/2017 | OUTPERFORM | 2.54 | 1.40 |
| 27/12/2017 | OUTPERFORM | 2.60 | 1.54 |
| 21/05/2018 | OUTPERFORM | 2.37 | 1.41 |
| 30/10/2018 | OUTPERFORM | 2.37 | 1.31 |
| 17/04/2019 | OUTPERFORM | 2.46 | 1.34 |
| 01/10/2019 | OUTPERFORM | 2.23 | 1.28 |
| 04/02/2020 | OUTPERFORM | 2.31 | 1.29 |
| 22/04/2020 | OUTPERFORM | 2.31 | 1.12 |
| 09/06/2020 | OUTPERFORM | 2.31 | 1.18 |
| 26/10/2020 | OUTPERFORM | 2.02 | 1.04 |
| 12/05/2021 | OUTPERFORM | 2.15 | 1.30 |
| 23/09/2021 | OUTPERFORM | 2.30 | 1.46 |
| 20/04/2022 | OUTPERFORM | 2.60 | 1.78 |
| 11/10/2022 | OUTPERFORM | 2.94 | 2.11 |
| 03/05/2023 | OUTPERFORM | 3.89 | 2.60 |
| 11/10/2023 | OUTPERFORM | 3.89 | 2.04 |

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|----------------------------------|----|------------|---------|--------------|-----------|--------------|-----------|
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