

Press Release

CONCLUSION OF AN INVESTMENT AGREEMENT BETWEEN THE FOUNDERS OF DIGITAL360 AND THE THREE HILLS CAPITAL PARTNERS FUND AIMED AT SUPPORTING THE STRATEGIC DEVELOPMENT OF THE GROUP

DISCLOSURE OF SELECTED FINANCIAL INFORMATION FOR THE PERIOD ENDED 31 MARCH 2023 AND THE 2023 BUDGET

Milan, 19 May 2023 - **DIGITAL360 S.p.A.** (the "**Company**" or "**Digital360**"), a Benefit Company, innovative SME admitted to trading on the Euronext Growth Milan market, multilateral trading system, organised and managed by Borsa Italiana S.p.A. ("**EGM**"), announces that the *private equity* fund Three Hills Capital Partners, through TH Alessandro S.r.l. ("**THCP**"), has entered into a binding investment agreement ("**Investment Agreement**") with Andrea Rangone, Mariano Corso, Alessandro Perego, Gabriele Faggioli and Raffaello Balocco (collectively, the "**Reference Shareholders**"). Upon completion, this will launch a mandatory tender offer on the Company's ordinary shares ("**Transaction**") aimed at *delisting the Company*.

The Transaction opens a new chapter in the history of Digital360, after the successful listing on Euronext Growth Milan in June 2017, which in 6 years led to a share growth of 365% with a capitalisation increased from Euro 17.7 million to about Euro 110 million, allowing the Digital360 Group to become a player of excellence in Italy and abroad, also thanks to the completion of more than 30 acquisitions.

The Investment Agreement envisages, upon *closing*, the contribution of shares held by the Reference Shareholders and additional minority shareholders of the Company, totalling 12,724,116 Digital360 ordinary shares, corresponding to 61.7%⁽¹⁾ of the share capital (jointly, the "**Reinvesting Shareholders**"), into the newly incorporated company D360 Holding S.p.A. ("**NewCo**"), at a subscription price, including a premium, of **EUR 5.35** per Digital360 share contributed.

At the same time, NewCo will purchase from certain Reinvesting Shareholders and certain additional selling shareholders (the "**Selling Shareholders**") 2,422,233 Digital360 ordinary shares, corresponding to 11.7 per cent. of the share capital, at a selling price of EUR 5.35 per share.

Subject to how effective conditions set forth in the Investment Agreement are at the *closing*, NewCo will hold an overall percentage equal to approximately 73.5% of the share capital of Digital360. This is based on the execution of the Investment Agreement and commitments undertaken by other Reinvesting Shareholders and Selling Shareholders. It should be noted that such percentage of Digital360's share capital held by NewCo could increase on the *closing* date as a result of purchases made by NewCo or further contributions.

In particular, the Transaction is aimed at supporting the development of the Digital360 Group and foresees an investment by THCP of up to a maximum amount of Euro 64.2 million, through: (i) the subscription, in several tranches, of a capital increase of NewCo for a maximum amount, inclusive of premium, of approximately Euro 25.7 million and (ii) the disbursement by the fund Three Hills Capital Solutions IV SCPS, an affiliate of THCP, of a loan of up to Euro 38.5 million in favour of NewCo. The actual amounts that THCP will invest in NewCo will depend on the percentage of acceptance of the Offer (as defined *below*). As a result of the Transaction, NewCo has committed to subscribe for a capital increase in Digital360 to support its growth, for an amount between Euro 16 million and Euro 30 million, depending on the percentage of acceptance of the Offer, through the subscription of shares in the Company issued in a paid capital increase in a manner to be defined.

THCP also agreed, subject to an agreement on terms and conditions, to make available up to a further EUR 40 million to the Group to support any further future growth opportunities.

Upon completion of the Transaction, THCP will hold a minority stake of between 28-35% of NewCo's share capital depending on the results of the Offer, while the remaining 72-65% will be held, pro rata, by the Reference Shareholders and the other Minority Shareholders.

If the Transaction is completed, NewCo, in concert with the Reference Shareholders, pursuant to Article 109 of Legislative Decree No. 58 of 24 February 1998, ("**TUF**"), as referred to in Article 12 of the Company's bylaws, shall promote a mandatory total tender offer ("**Offer**"), pursuant to Articles 102 et seq. of the TUF and Article 12 of the bylaws of the Company, on all the Digital360 shares, less the shares that will be owned by NewCo (and possibly by the persons acting in concert with it) and any treasury shares of the Company, at a price equal to Euro 5.35 per Digital360

(1) Assuming the issue of an additional 65,681 shares to a Reinvesting Shareholder following the exercise of a put/call agreement.



share ("**Offer Price**"). It should be noted that the Offer Price incorporates a premium of 14% with respect to the previous day's official price of the Company's shares on EGM and corresponds to an implied multiple on the net profit for the year 2022 of 43x and 25x pro forma per share, respectively.

The execution of the Investment Agreement and, consequently, of the further commitments undertaken by the other Reinvesting Shareholders and the Selling Shareholders and the promotion of the Offer, are subject to the occurrence of certain conditions precedent customary for this type of transaction, including the approval by the Prime Minister's Office and/or any other competent authority of the Transaction without vetoes and/or objections and/or conditions attached thereto, pursuant to the provisions of Legislative Decree No. 21/2012 and other applicable laws and regulations. Decree-Law No. 21/2012 and any other applicable laws and regulations.

The Offer is expected to be launched in the second half of the year and will be aimed at having Digital360's shares excluded from trading ("**Delisting**") on EGM.

It should be noted that Article 12 of the Company's bylaws also refers to Article 111 of the TUF, setting as the threshold for the exercise of the relevant purchase right 90% of the share capital. As a result, a level of acceptance of the Offer, also because of purchases made outside of the Offer, which allows the offeror to hold, jointly with the persons acting in concert - upon completion of the Offer itself - a number of ordinary shares representing a percentage of the Company's share capital of at least 90%, will determine the right of the offeror to proceed, within the terms set forth by the applicable laws and regulations and by the provisions of the bylaws, to purchase the remaining ordinary shares at the same Offer Price. It should be noted that upon reaching the threshold of 90% of the capital, the conditions for the *Delisting* will automatically occur as a result of the exercise of such purchase right.

Pursuant to the Investment Agreement, the parties have also agreed that following the Offer acceptances, if Newco and persons acting in concert hold less than 90% of the share capital of the Company, without prejudice to the further technical modalities to be defined, the Delisting shall be pursued through a resolution passed by the shareholders' meeting of the Company pursuant to the guidelines set forth in Article 41 of the Euronext Growth Milan Regulation ("**Delisting Shareholders' Meeting**").

For the Leading Shareholders, Mediobanca acted as financial advisor and RSAdvisor as strategic advisor, while the legal and tax aspects were followed by ADVANT Nctm.

THCP used Linklaters as legal advisor, BCG to conduct commercial due diligence, EY for accounting and tax due diligence and as financial advisor, Gatti Pavesi Bianchi Ludovici for tax structuring and AON for insurance due diligence.

SELECTED FINANCIAL INFORMATION FOR THE PERIOD ENDED 31 MARCH 2023 AND BUDGET 2023

The Company also announces that in the first quarter of 2023, the Digital360 Group, based on all companies in the Group as at 31 March 2023, including those acquired in the first three months of the year, achieved pro-forma revenues of EUR 20.6 million with a NFP of EUR 14.3 million.

Revenues of more than EUR 90 million are forecast for the financial year 2023, with an expected growth over 2022 of about 20% (including the new companies acquired in the first three months of the year), and an EBITDA margin of about 17% ⁽²⁾. These forecast figures do not take into account the commitments undertaken by THCP pursuant to the Investment Agreement and the acquisitions announced today.

⁽²⁾ This press release contains forward-looking statements about future events and results of Digital360 that are based on current expectations, estimates and projections about the industry in which Digital360 operates and management's current views. Such elements have by their nature a component of risk and uncertainty because they depend on the occurrence of future events. It should be noted that actual results may differ, even significantly, from those announced, due to a variety of factors including: global economic conditions, the impact of competition, political, economic and regulatory developments in Italy and in the countries in which the Group operates. Digital360's financial results for the year 2023 have been prepared in accordance with National Accounting Standards. National Accounting Principles uses a number of alternative performance indicators, in order to allow for a better assessment of the economic performance and financial position. The periodic results have not been audited by the auditors.



The Company shall notify the completion of the aforesaid transactions within the terms and in the manner provided for by applicable laws and regulations.

This press release is available on the Company's *website* at www.digital360.it.

DIGITAL360

DIGITAL360, a Benefit Company and innovative SME listed on the Euronext Growth Milan market, aims to accompany companies and public administrations in understanding and implementing digital transformation and to encourage them to meet the best technology suppliers. DIGITAL360 pursues this objective through two business units: one, called "Demand Generation" supports technology companies (vendors, software houses, system integrators, start-ups, etc.) in communication activities, storytelling, event management and generation of business opportunities; the other, called "Advisory & Coaching" is aimed at all companies and public administrations wishing to undertake any digital transformation path. NetworkDIGITAL360, transversal to both Business Units, is the largest network of online publications dedicated to all topics of Digital Innovation. DIGITAL360 integrates a multidisciplinary and multicultural mix of professionalism and skills thanks to analysts, journalists, consultants and experts in the digital world, united by a great passion and mission: digital innovation as an engine for the growth and modernisation of our country. For further information: www.digital360.it.

THREE HILLS CAPITAL PARTNERS

Three Hills Capital Partners was founded in 2013 as a pioneer of the preferred capital asset class in Europe. Over the past 10 years, THCP has financed over 20 mid-cap companies investing approximately Euro 1.3 billion through flexible capital instruments in the alternative credit world. With approximately Euro 2.3 billion AuM, THCP is backed by an extensive network of international investors, major European industrialists and family offices. Today, the group boasts a team of around 70 professionals spread across offices in London, Milan and Luxembourg. Since December 2022 Three Hills has been recognised as a B Corporation. www.threehills.com

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