

Press release

THE BOARD OF DIRECTORS OF DIGITAL360 S.P.A. APPROVES THE INTERIM FINANCIAL STATEMENTS AS AT 30 JUNE 2019

Group results for the first half of 2019:

- **Consolidated revenues amounting to Euro 13.4 million, due to an organic growth of 13% compared to the same period in 2018;**
- **EBITDA¹ equal to Euro 1.5 million, relatively stable compared to the same period in 2018;**
- **Adjusted² EBIT amounting to Euro 0.7 million, compared to Euro 0.9 million as at 30 June 2018, attributable to the increase in amortisation due to investments made;**
- **Adjusted³ Net profit equal to Euro 0.33 million, compared with Euro 0.42 million as at 30 June 2018;**
- **The negative Net Financial Position amounts to Euro 5.2 million, compared with Euro 4.6 million as at 31 December 2018.**

Milan, 25 September 2019 - DIGITAL360 S.p.A., company listed on the AIM market of the Italian Stock Exchange, announces that the Board of Directors, which met today, examined and approved the Company's consolidated half-year financial report as at 30 June 2019, drawn up pursuant to AIM Italia Issuers' Regulations and according to Italian accounting principles in force.

"Business growth data for the first half of the year is extremely positive, also thanks to the fact that this growth is driven by the launch on the market of new "subscription" services that generate recursive revenues ("Digital As-A-Service"). The focus of resources on these services, which laid the foundations for the new business model characterised by increased scalability and profitability has, on the other hand resulted in a temporary reduction in the profit margin - explains Andrea Rangone, CEO of DIGITAL360".

Main consolidated results for the semester

¹ The EBITDA and EBIT indices are not seen as accounting measurements in the context of national and international accounting principles and should not be regarded as alternative measurements for assessing the performance of the group's operating results.

² Adjusted values do not take into consideration depreciation/amortisation related to consolidation differences as at 30 June.

Economic and equity results

As at 30 June 2019 Revenues amounted to Euro 13.4 million, with an entirely organic growth of 13% compared to Euro 11.9 million in the corresponding period in 2018.

EBITDA amounts to Euro 1.5 million, essentially in line with the value reported as at 30 June 2018.

EBIT amounts to Euro 0.3 million and the consolidated net result is equal to Euro -0.06 million, compared to respectively Euro 0.5 million and Euro 0.04 million for the corresponding period in 2018.

Adjusted EBITDA amounts to Euro 0.7 million, a decrease of 23% compared to the value as at 30 June 2018.

The decrease in EBIT and Adjusted EBIT is due to the increase in amortisation of intangible assets attributable to investments - in technological innovation and in the development of new services - necessary to lay the foundations for the new business model.

The Adjusted consolidated net profit amounts to Euro 0.33 million, against 0.42 million in the first half of 2018.

With reference to the Group's main balance sheet and financial data, it should be noted that the Net Financial Position (debt) increased from Euro 4.6 million as at 31 December 2018 to 5.2 million as at 30 June 2019. The change over the 6 month period reflects, on the one side the positive cash flows generated from operations and on the other, the expenditures pertaining to (i) the investments made, including the payment made at the beginning of 2019 amounting to Euro 1.15 million for the Vendor Loans deriving from the acquisitions completed in 2018 and (ii) the growth (equal to approximately 17%) in Net Working Capital, largely related to the growth in turnover (up 13%). Due to the break-even of the net profit, Net Equity remains in line with the Euro 8.6 million reported as at 31 December 2018.

The results achieved already demonstrate the effects of the company's decision to accelerate the growth of recursive revenues - resulting from more innovative and scalable services (Digital As-A-Service) - and consequently to make major investments in this direction.

During the first part of 2019, the most innovative services have had good results in terms of sales. More specifically, in the "Demand Generation" business unit (which supports digital innovation providers in making themselves known and reaching new customers), the innovative offer of As-A-Service services (Digital Marketing & Sales Engine) generated sales to 45 companies in the first part of the year, which have adopted this service for an annual value of Euro 2.0 million. Moreover, in the "Advisory & Coaching" business unit (which partners with companies and public administrations to help them in the digital transformation process), in the first half of the year a total of 46 companies purchased As-A-Service Advisory subscription services (in particular in the compliance area, DPO As-A-Service), for an annual contract value of Euro 1.3 million.

It is estimated that at the end of 2019 the total value of innovative subscription services (Digital As-A-Service) sold could be worth approximately Euro 5.0 million, even if only approximately 65% of this will turn into revenue for the current year.

The move and the acceleration towards a model focused on more innovative services has, on the other hand, determined a double negative (although temporary) effect on marginality in the second half of 2018 and in the first half of 2019: a reduction in revenues deriving from more traditional services, against a partial duplication of expenses on both service areas (innovative and traditional), with a temporary increase in the costs necessary to adapt the structure. These effects are also escalated by a spending surplus generated in the first half of 2019. This surplus is attributable to one-time extraordinary costs incurred to implement the reorganisation and restructuring plan approved at the end of 2018, in particular as relating to the ICT&Strategy subsidiary, which provided for the discontinued use of resources no longer consistent with the new business model. The positive effects on the costs associated with this plan will be fully visible in 2020, when one-time extraordinary costs will not be incurred.

A summary of major economic and financial indicators is presented below.

Operating results	30.06.18	30.06.19	Δ
values in millions of Euros			
<i>Total revenues</i>	11.9	13.4	13%
<i>EBITDA</i>	1.5	1.5	0%
% Ebitda / Total revenues	12.6%	11.2%	
<i>EBIT</i>	0.5	0.3	-40%
% Ebit / Total revenues	4.2%	2.2%	
<i>Adjusted EBIT</i>	0.9	0.7	-23%
% Adjusted Ebit / Total revenues	7.6%	5.2%	
<i>Net profit</i>	0.04	-0.06	n. s.
% Net profit / Total revenues	0.4%	-0.00	
<i>Adjusted net profit</i>	0.42	0.33	-21%
% Adjusted net profit / Total revenues	3.5%	1.5%	

Balance Sheet indicators	31.12.18	30.06.19	Δ
<i>Shareholders' Equity</i>	8.60	8.53	-1%
<i>Net financial position</i>	4.60	5.20	13%

Main events occurring during the first semester

In addition to what has already been illustrated above, the main events that took place during the year are detailed below.

The integration into the Group of the companies acquired during the previous year continued with great success. In particular, we want to highlight the completion of the integration with the Effettodomino Srl company, merged into ICT&Strategy S.r.l. which facilitated a strong acceleration of the Digital Marketing and Sales Engine model.

The program of investments in technological innovation and development of new services also continued. The value of the total expenditure, which in the first half of 2019 amounted to approximately Euro 1 million, primarily consists of intangible fixed assets. In particular, in addition to the investments relating to the new As-A-Service models (Digital Marketing & Sales Engine and Advisory-As-A-Service), investments were made pertaining to:

Demand Generation

- development and integration of the technological platforms at the basis of the Demand Generation model (Content Management System - CMS, Customer Relationship Management - CRM, Marketing Automation, etc.);
- renewal of websites and portals already active, and launch of new newsletters;
- launch of a new Machine Learning project, with the aim of analysing user behaviour within the Network portals to provide them with the most relevant content consistent with their interests.

Advisory & Coaching

- investments for the development of new practices (Sports, eHealth, Digital Customer Experience) and services (Blockchain, QHSE-Quality, Health, Safety and Environment, Cloud Transformation, Agile Organisation);
- development of a micro-learning offer with the aim of helping businesses and public administrations to effectively and efficiently disseminate to their employees a digital culture and basic knowledge on digital innovation.

Significant events after 30 June 2019 and future outlook

No significant events were reported after 30 June 2019: the second half of the year continues positively, in line with current forecasts.

The Company's consolidated half-year financial report for the period ended as at 30 June 2019 will be made available to the public subject to the terms and in the manner provided for by AIM Italia Issuers' Regulations, and will be available on the Company's website, www.digital360.it.

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

DIGITAL360

Digital360, a company listed on the Borsa Italiana AIM Market, aims to partner with businesses and public authorities assisting them in the understanding and implementation of digital transformation solutions, relying on the best technology providers on the market. DIGITAL360 pursues this objective through two business units: one, called "Demand Generation", supports technological companies (vendors, software houses, system integrators, start-up companies, etc.) in their communication, storytelling, event management and business opportunity generation activities; the other, called "Advisory & Coaching" is aimed at all companies and all public administrations who wish to embark on any digital transformation path. Transversal to both Business Units, NetworkDIGITAL360 is the largest network of online publications focused on all aspects and current themes related to Digital Innovation. Digital360 integrates a multidisciplinary and multicultural mix of professionalism and expertise, thanks to analysts, journalists, consultants and experts active in the digital world who all share a great passion and a common mission: digital innovation as an engine of growth and modernisation of our country. For more information: www.digital360.it

Investor relation:

Emilio Adinolfi emilio.adinolfi@digital360.it phone +39 0292852801

DIGITAL360 Press Office: d'I comunicazione

Piero Orlando po@dicomunicazione.it mobile +39 3351753472

Nominated Adviser and Specialist: CFO SIM S.p.A.

ecm@cfosim.com, phone +39 02303431

This press release has been prepared for informational purposes only and does not constitute a public offer or an invitation to subscribe to or to purchase financial instruments in Italy or in any other country where such offer or solicitation would be subject to restrictions or the approval of local authorities or otherwise prohibited by law. This press release may not be published, distributed or broadcast in the United States, Canada, Australia or Japan. The securities referred to in this press release may not be offered or sold in Italy or in the United States, or in any other jurisdiction without registration pursuant to the applicable provisions or an exemption from the obligation to register in accordance with the applicable provisions. The securities mentioned in this press release have not been and shall not be registered under the US Securities Act of 1933 or pursuant to the applicable provisions in force in Italy, Australia, Canada, Japan or any other jurisdiction. There will be no public offering of the Company's shares in Italy or in the United States, Australia, Canada or Japan or anywhere else.

DIGITAL360 S.p.A. Registered office: Via Copernico 38, Milan Share capital: 1,609,154 euros (fully paid up) Milan Companies Register no. 08053820968 REA no. 2000431 CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2019		
BALANCE SHEET - ASSETS	30.06.2019	31.12.2018
A) RECEIVABLES FROM SHAREHOLDERS		
B) FIXED ASSETS		
I. Intangible Fixed assets:		
2) development costs	2,858,773	2,640,469
3) industrial patents and intellectual property rights	566,950	503,139
5 bis) consolidation differences	5,279,847	5,671,824
7) other assets	911,049	1,005,035
Total intangible fixed assets	9,616,619	9,820,467
II. Tangible Fixed Assets		
1) land and buildings	315,279	320,294
4) other assets	219,801	200,375
Total	535,080	520,669
III. Financial Fixed assets		
1) investments in:		
b) associated companies	24,005	24,005
d) other companies	112,965	112,965
Total investments	136,970	136,971
Total	136,970	136,971
TOTAL FIXED ASSETS (B)	10,288,669	10,478,106
C) CURRENT ASSETS		
I. Total	-	-
II. Receivables		
1) from customers	11,277,698	8,342,876
of which due beyond the financial year	-	-
4 bis) tax receivables	266,573	832,373
of which due beyond the financial year	-	-
4ter) deferred tax assets	531,522	383,961
of which due beyond the financial year	-	-
5) from others	341,504	306,899
of which due beyond the financial year	1,800	-
Total	12,417,297	9,866,109
III. Financial activities which are not fixed assets		
6) other securities	2,861	2,861
Total	2,861	2,861
IV. Cash and cash equivalents		
1) deposit accounts	3,453,972	1,898,285
3) cash and valuables on hand	7,399	-
Total	3,461,371	1,898,285
TOTAL CURRENT ASSETS (C)	15,881,529	11,767,255
D) ACCRUALS AND DEFERRALS		
a) prepaid expenses and accrued income	547,828	707,129
TOTAL ACCRUED EXPENSES AND DEFERRED INCOME (D)	547,828	707,129
TOTAL ASSETS (A+B+C+D)	26,718,026	22,952,490

DIGITAL360 S.p.A. Registered office: Via Copernico 38, Milan Share capital: 1,609,154 euros (fully paid up) Milan Companies Register no. 08053820968 REA no. 2000431		
CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2019		
BALANCE SHEET - LIABILITIES	30.06.2019	31.12.2018
A) SHAREHOLDERS' EQUITY		
I. Group Share capital	1,609,154	1,609,154
II. Share premium reserve	6,680,476	6,680,476
IV. Legal reserve	7,562	2,382
V. Treasury shares portfolio reserve	-33,662	-31,481
Merger surplus reserve	20,964	20,964
Reserve for hedging expected cash flow operations	-7,288	-
Other reserves	26,706	26,706
VIII. Euro rounding reserve	-5	-5
IX. Reserve with capital increase	-	-
X. Group Retained earnings (accumulated losses)	-109,101	331,897
XI. Group profit (loss) for the financial year	-380,578	-435,821
TOTAL NET ASSETS of the group	7,814,228	8,204,272
Minority share capital and reserves	394,221	134,098
Profit (loss) for the financial year attributable to minority interests	322,515	260,123
TOTAL MINORITY INTERESTS	716,736	394,221
TOTAL NET ASSETS (A)	8,530,964	8,598,493
B) PROVISIONS FOR LIABILITIES AND CHARGES		
1) provision for pensions and similar obligations	24,527	24,527
3) other	9,589	-
TOTAL PROVISIONS FOR RISKS AND CHARGES (B)	34,116	24,527
C) EMPLOYEE SEVERANCE INDEMNITIES (C)	916,724	993,074
D) PAYABLES		
2) convertible bonds	2,000,000	2,000,000
of which due beyond the financial year	-	2,000,000
4) payables to banks	6,261,443	4,064,733
of which due beyond the financial year	3,344,617	2,229,316
6) deposits	38,917	-
of which due beyond the financial year	-	-
7) payables to suppliers	5,132,305	3,434,681
of which due beyond the financial year	-	-
12) tax payables	1,526,833	862,969
of which due beyond the financial year	-	-
13) payables to social security and welfare institutions	292,164	374,934
of which due beyond the financial year	-	-
14) other payables	1,376,207	2,409,778
of which due beyond the financial year	-	-
TOTAL PAYABLES (D)	16,627,868	13,147,096
E) ACCRUALS AND DEFERRALS		
a) accrued expenses and deferred income	608,353	189,300
TOTAL ACCRUED EXPENSES AND DEFERRED INCOME (E)	608,353	189,300
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY A+B+C+D+E	26,718,026	22,952,490

DIGITAL360 S.p.A. Registered office: Via Copernico 38, Milan Share Capital 1,609,154 euros (fully paid up) Milan Companies Register no. 08053820968 REA no. 2000431 CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2019		
INCOME STATEMENT	30.06.2019	30.06.2018
A) VALUE OF PRODUCTION		
1) revenue from sales and services	13,364,157	11,795,263
5) other income and revenues	42,410	91,765
TOTAL VALUE OF PRODUCTION (A)	13,406,567	11,887,028
B) PRODUCTION COSTS		
6) for raw, subsidiary, consumer materials and goods	3,218	12,156
7) for services	7,578,765	6,460,797
8) for rents and leases	355,807	347,271
9) personnel costs:		
a) salaries and wages	2,633,605	2,488,818
b) social security and welfare contributions	823,579	599,096
c) employee severance indemnity	203,332	175,313
e) other personnel costs	194,426	82,727
Total personnel costs	3,854,942	3,345,954
10) amortisation, depreciation and write-downs:		
a) amortisation of intangible assets	1,123,955	950,353
b) depreciation of tangible assets	43,154	36,758
Total amortisation, depreciation and write-downs	1,167,109	987,111
14) other operating expenses	141,105	223,681
TOTAL PRODUCTION COSTS (B)	13,100,946	11,376,970
DIFFERENCE BETWEEN VALUE AND COST OF PRODUCTION (A-B)	305,621	510,058
C) FINANCIAL INCOME AND EXPENSES		
16) other financial income		
- others	11,661	591
Total financial income from receivables included in fixed assets	11,662	591
17) interest expenses and financial charges:		
- to others	151,708	125,932
Total interest and other financial charges	151,708	125,932
17 bis) gains and losses on foreign exchange	459	-951
TOTAL FINANCIAL INCOME/EXPENSES	-139,587	-126,292
D) VALUE ADJUSTMENTS OF FINANCIAL ASSETS		
18) revaluations (write-ups):		
Total revaluations (write-ups)	-	-
19) devaluations (write-downs):		
a) of investments	-	49,980
Total devaluations (write-downs)	-	49,980
Income before taxes (A - B + - C + - D + - E)	166,034	333,786
22) Current, deferred and prepaid income taxes for the financial year		
current taxes	369,353	423,174
deferred tax assets	-145,261	-131,243
Total current, deferred and prepaid income taxes for the financial year	224,092	291,931
23) Profit (loss) for the financial year	-58,058	41,855
Group	-380,578	-171,044
Minority interests	322,515	212,902

Statement of Cash Flows as at 30 June 2019	30/06/2019	31/12/2018
A. Cash flows arising from operating income (indirect method)		
Profit (loss) for the financial year	(58,058)	(175,697)
Income taxes		
Interest expense/(interest income)	139,587	268,475
(Capital gains)/capital losses arising from the disposal of assets		2,346
1. Profit (loss) for the financial year before income taxes, interest, dividends and gains/losses on disposals	81,529	339,607
<i>Adjustments for non-cash items that had no counterpart in net working capital</i>		
Severance indemnity provisions	203,332	357,563
Amortisation/depreciation of fixed assets	1,167,109	2,136,121
Write-downs for impairment losses	-	50,063
Other adjustments for non-cash items	9,589	(71,141)
<i>Total adjustments for non-cash items</i>	1,380,030	2,472,606
2. Cash flow before changes in net working capital	1,461,559	2,812,213
<i>Changes in net working capital</i>		
Decrease/(increase) in receivables from customers	(2,934,821)	(3,123,317)
Increase/(decrease) in payables to suppliers	1,697,624	1,425,235
Decrease/(increase) in prepaid expenses and accrued income	159,300	65,044
Increase/(decrease) in accrued expenses and deferred income	419,053	57,700
Other changes in net working capital	1,110,606	960,828
<i>Total changes in net working capital</i>	451,762	(614,509)
3. Cash flow after changes in net working capital	1,913,321	2,442,185
<i>Other adjustments</i>		
Interest received/(paid)	(139,587)	(268,475)
(Income taxes paid)	-	(612,567)
Dividends received	-	-
(Use of funds)	(279,682)	-
<i>Total other adjustments</i>	(419,269)	(881,043)
Cash flows from operating activities (A)	1,494,052	1,561,142
B. Cash flows from investment activities		
<i>Tangible fixed assets</i>		
(Investments)	(57,570)	(498,457)
Proceeds from disposals	-	-
<i>Intangible fixed assets</i>		
(Investments)	(920,107)	(1,740,295)
Proceeds from disposals	-	-
<i>Financial fixed assets</i>		
(Investments)	-	-
Proceeds from disposals	-	575
<i>Financial assets not held as fixed assets</i>		
(Investments)	-	-
Proceeds from disposals	-	-
<i>Acquisition or disposal of controlled companies</i>		(3,369,752)
Cash flow from investment activities (B)	(977,676)	(5,607,929)
C. Cash flows from financing activities		
<i>Third party equity</i>		
Increase (decrease) in accounts payable to banks	522,549	331,960
New financing	2,220,000	2,897,525
Net proceeds from convertible bonds		
Repayment of loans	(545,838)	(1,415,400)
Payables for acquisition of equity investments (Vendor Loan)	(1,150,000)	1,150,000
<i>Own equity</i>		
Paid capital increase	-	900,000
Dividends (and interim dividends) paid	-	-
Cash flow from financing activities (C)	1,046,711	3,864,085
Increase (decrease) of cash and cash equivalents (A ± B ± C)	1,563,087	-182,701
Cash and cash equivalents as at 1 January	1,898,285	2,080,986
Cash and cash equivalents as at 31 December	3,461,371	1,898,285