

Press release

THE BOARD OF DIRECTORS OF DIGITAL360 S.P.A. APPROVES THE INTERIM FINANCIAL STATEMENTS AS AT 30 JUNE 2018

Group results for the first half of 2018:¹

- Consolidated revenues totalling Euro 11.9 million, an increase of 72% compared to the same period in 2017, as a result both of the consolidation of the last acquired companies, as well as a significant increase on equivalent consolidation area, accounting for 32%;
- EBITDA² equal to Euro 1.5 million, with an increase of 114% over the first half of 2017;
- Adjusted EBIT³ equal to Euro 0.9 million, compared with Euro 0.3 million as at 30 June 2017;
- Adjusted *Net profit*³ equal to Euro 0.42 million, compared with Euro -0.1 million as at 30 June 2017;
- The negative Net Financial Position amounts to Euro 3.5 million, compared with Euro 2.6 million as at 31 December 2017.

Milan, 26 September 2018 – 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 2018, drawn up pursuant to AIM Italia Issuers' Regulations and according to Italian accounting principles in force.

“The highly positive results for the semester reflect the strategic lines also defined following last year's IPO: on the one hand, the Group's external growth with the acquisition of new and innovative businesses, highly synergistic with the Group's activities; on the other, organic growth driven by major investments in technological innovation and new services - declares Andrea Rangone, CEO of

¹ The scope of consolidation for the first half of 2018 has widened compared to the same period in 2017 as a result of three new acquisitions made during the period.

² The EBITDA and EBIT indices are not seen as an accounting measurement in the context of national and international accounting principles and should not be regarded as an alternative measurement for assessing the performance of the group's operating results.

³ Adjusted values do not take into consideration depreciation/amortisation related to consolidation differences as at June 30.

Digital360”.

Main consolidated results for the semester

In the first half of 2018 the Group's revenue amounted to Euro 11.9 million, an increase of 72% compared with the first half of 2017 (Euro 6.9 million). Their growth is due to the consolidation of three new companies, as well as to a substantial increase, equal to 32%, of revenues on a comparable perimeter. An important contribution to this development comes from the “*Advisory*” Business Unit (BU that provides consulting and assistance to companies and public administrations in support of their digital transformation), which more than doubles the revenue (+106%) compared to the corresponding period in 2017. The “*Demand Generation*” Business Unit (BU that carries out activities focused on communication, marketing and business opportunities generation for suppliers of digital innovation) also contributed a significant development (+57%).

The EBITDA amounted to Euro 1.5 million in the first half of 2018, an increase of more than double the revenues recorded in the first half of 2017 (Euro 0.7 million). The percentage impact of EBITDA to revenues increased from 10.1% to 12.6%. On an equivalent consolidation area the increase in EBITDA is also particularly strong, equal to 23%.

Adjusted EBIT for the period amounts to Euro 0.9 million, compared with 0.3 million recorded in the first half of 2017.

Adjusted net profit amounts to Euro 0.42 million (against 0.1 million in the first half of 2017).

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 2.6 million as at 31 December 2017 to 3.5 million as at 30 June 2018. The change over the 12 month period reflects in large part the uses for investments and acquisitions made during the period. Shareholders' equity increased from Euro 7.8 million as at 31 December 2017 to Euro 9.0 million as at 30 June 2018. This change is largely due to the capital increase amounting to Euro 900 thousand, relating to the acquisition of majority stakes in new companies.

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

Operating results	30.06.17	30.06.18	Δ 18-17
values in millions of Euros			
Total revenues	6,9	11,9	72%
EBITDA	0,7	1,5	114%
% Ebitda / Total revenues	10,1%	12,6%	
EBIT	0,1	0,5	467%
% Ebit / Total revenues	1,3%	4,3%	
Adjusted EBIT (*)	0,3	0,9	184%
% Adjusted Ebit / Total revenues	4,5%	7,5%	
Net profit	-0,1	0,04	139%
% Net Profit / Total revenues	-1,6%	0,4%	
Adjusted net profit (*)	0,1	0,42	273%
% Adjusted Net Profit / Total revenues	1,6%	3,6%	

* Adjusted data is reclassified without taking into account the amortisation/depreciation of consolidation differences

Balance Sheet indicators	31.12.17	30.06.18	Δ 18-17
values in millions of Euros			
Net Assets	7,8	9,0	15%
Net Financial Position	2,6	3,5	34%

Main events occurring during the first half of 2017

The main events that took place during the financial year are detailed below:

M&A operations

During the first half of 2018 Digital360 acquired a majority stake in three companies: Effettodomino S.r.l., IQ Consulting S.r.l. e ServicePRO S.r.l.

- Effettodomino is a digital marketing and lead generation agency that has been operating since 2015 with the aim of supporting companies in the development of marketing and sales processes through digital strategies. Effettodomino is one of the first companies in Italy to specialise in Marketing Automation, the new frontier of digital marketing, which enables the management of all online marketing processes leading to the generation of new customers through sophisticated software platforms.
- IQ Consulting S.r.l. is an academic spin-off company active in the Industry 4.0 and Supply Chain Management sectors. IQC supports innovation and the strategic management of supply chains that design, supply, produce and distribute products and services, providing integrated logistical, technological, organisational and IT skills;
- ServicePRO S.r.l. is a company operating as a “full service” marketing agency, organising complex events and managing demand generation and lead generation campaigns. It particularly aims its services at large vendors of technological solutions, carrying out the role of preferred agency for a number of these and managing important elements of their marketing budgets.

Thanks to the integration with the newly acquired businesses, highly complementary and synergistic with respect to those already held by the Group, Digital360 lays the foundations for further important future development. The three acquisitions strengthen the expertise and market positioning of Digital360 in several strategic areas of its *core business*: *marketing automation* and the new *inbound marketing* services; Industry 4.0 and the digital transformation of industrial enterprises; the organisation of complex events and the management of *demand* generation and *lead generation* campaigns.

Authorisation to increase the share capital at the service of external growth operations

On 10 April 2018 the Board of Directors (on the basis of the relative Shareholders' Meeting Resolution of March 21, 2018) has resolved a paid-up share capital increase, including the premium, of Euro 900,000. The Company shall issue 720,000 ordinary shares, without indication of nominal value, with the same characteristics as the ordinary shares in circulation at the issue date, waiving pre-emption rights pursuant to Article 2441, paragraph 5 of the Civil Code. The issue price shall be Euro 1.25 per share, of which Euro 0.10 representing equity and Euro 1.15 as a premium. This increase was reserved and subscribed by the sellers of the shares of the companies acquired.

Investments

During the first six months of 2018 the Group also continued its investment plan focused on online business development and technological innovation. More precisely, the investments made during the period are primarily attributable to:

- the development and integration of the technological platforms at the basis of the Group's *Matchmaking Platform* model (Content Management System, Customer Relationship Management, Marketing Automation);
- development of new portals, such as CyberSecurity360, Industry4Business, Digital360Hub and renewal of a number of existing portals such as Digital4, EconomyUp and the related vertical channels;
- launch of new Advisory practices, such as Information & Cyber Security, Blockchain, Data Protection Officer (DPO), as well as engineering of various advisory services with the development of the relative software.

Buy Back

During the first half of 2018 Digital360 S.p.A. launched a “buy back” program approved by the Shareholders’ Meeting of 19 December 2017, aimed at supporting the liquidity of the shares and using them where necessary or appropriate as payment in extraordinary transactions, also as relating to the exchange of shareholdings with other entities, in the context of operations of interest to the same.

Significant events after 30 June 2018 and future outlook

No significant events were reported after 30 June 2018: 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 2018 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 website at www.digital360.it.

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Digital360

Digital360 aims to partner with businesses and public administrations 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 a multichannel platform unique in Italy, referred to as the “*MatchMaking Platform*”, composed



of online portals, white papers, events, webinars, communications and marketing services, lead generation initiatives and advisory/consulting. 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

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DIGITAL360 S.p.A. Registered office: Milan Via Copernico 38 Share capital: Euro 1,609,154 (fully paid up) Milan companies register no. 08053820968 REA no. 2000431		
CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2018		
BALANCE SHEET - ASSETS	30.06.2018	31.12.2017
A) RECEIVABLES FOR SHAREHOLDER PAYMENTS STILL DUE	0	0
B) FIXED ASSETS		
I. Intangible fixed assets		
2) development costs	2.275.510	1.934.940
3) industrial patents and intellectual property rights	438.951	408.316
4) concessions, licences, trademarks	139	278
5 bis) consolidation differences	5.832.760	3.378.105
7) other assets	1.027.617	1.051.158
Total intangible fixed assets	9.574.978	6.772.797
II. Tangible fixed assets		
1) land and buildings	325.309	0
3) industrial and commercial equipment	2.386	0
4) other assets	210.571	95.955
Total	538.266	95.955
III. Financial fixed assets		
1) investments in:		
b) associated companies	24.005	14.005
d) other companies	113.050	167.808
Total investments	137.055	181.812
Total	137.055	181.812
TOTAL FIXED ASSETS (B)	10.250.299	7.050.565
C) CURRENT ASSETS		
I. Total	0	0
Inventories	0	0
II. Receivables		
1) from customers	9.436.940	5.219.559
of which due beyond the financial year	0	0
4 bis) tax receivables	377.946	992.616
of which due beyond the financial year	0	0
4 ter) deferred tax assets	285.728	130.820
of which due beyond the financial year	0	0
5) from others	261.481	215.321
of which due beyond the financial year	0	0
Total	10.362.097	6.558.316
III. Current financial assets not held as fixed assets		
6) other securities	2.861	0
Total	2.861	0
IV. Cash and cash equivalents		
1) deposit accounts	3.087.169	2.080.986
3) cash and equivalents on hand	9.326	0
Total	3.096.495	2.080.986
TOTAL CURRENT ASSETS (C)	13.461.453	8.639.302
D) ACCRUED EXPENSES AND DEFERRED INCOME		
a) prepaid expenses and accrued income	520.939	772.173
TOTAL ACCRUED EXPENSES AND DEFERRED INCOME (D)	520.939	772.173
TOTAL ASSETS (A+B+C+D)	24.232.691	16.462.040

BALANCE SHEET - LIABILITIES	30.06.2018	31.12.2017
A) NET ASSETS		
I. Group Share capital	1.609.154	1.537.154
II. Share Premium Reserve	6.680.476	5.852.476
IV. Legal reserve	2.382	3.443
VII. Other reserves:	0	0
Fusion surplus reserve	20.964	20.964
Other reserves	26.706	26.705
VIII. Arrears reserve Euro	-1	-2
IX. Reserve with capital increase	0	0
X. Group Retained earnings (accumulated losses)	331.896	280.470
XI. Group Profit (loss) for the financial year	-171.044	50.366
TOTAL NET ASSETS of the group	8.500.533	7.771.576
Minority share capital and reserves	236.116	5.329
Profit (loss) for the financial year attributable to minority interests	212.902	2.556
TOTAL MINORITY INTERESTS	449.018	7.885
TOTAL NET ASSETS (A)	8.949.551	7.779.461
B) PROVISIONS FOR LIABILITIES AND CHARGES		
1) for pensions and similar obligations	24.527	24.527
TOTAL PROVISIONS FOR RISKS AND CHARGES (B)	24.527	24.527
C) EMPLOYEE SEVERANCE INDEMNITIES (C)	868.956	698.510
D) PAYABLES		
2) convertible bonds	2.000.000	2.000.000
of which due beyond the financial year	2.000.000	2.000.000
4) payable to banks	4.152.585	2.250.649
of which due beyond the financial year	1.751.693	793.773
7) payables to suppliers	3.910.327	2.009.446
of which due beyond the financial year	0	0
12) tax payables	941.096	462.987
of which due beyond the financial year	0	0
13) payables to social security and welfare institutions	325.591	228.623
of which due beyond the financial year	0	0
14) other payables	2.506.090	876.237
of which due beyond the financial year	199.798	399.596
TOTAL PAYABLES (D)	13.835.689	7.827.941
E) ACCRUED EXPENSES AND DEFERRED INCOME		
a) accrued expenses and deferred income	553.969	131.600
TOTAL ACCRUED EXPENSES AND DEFERRED INCOME (E)	553.969	131.600
TOTAL LIABILITIES AND NET (A+B+C+D)	24.232.691	16.462.040

DIGITAL360 S.p.A. Registered office: Milan Via Copernico 38 Share capital: Euro 1,609,154 (fully paid up) Milan companies register no. 08053820968 REA no. 2000431 CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2018		
INCOME STATEMENT	30.06.2018	30.06.2017
A) VALUE OF PRODUCTION		
1) revenue from sales and services	11.795.263	6.552.931
5) other income and revenues	91.765	356.960
TOTAL VALUE OF PRODUCTION (A)	11.887.028	6.909.891
B) PRODUCTION COSTS		
6) for raw, subsidiary, consumer materials and goods	12.156	0
7) for services	6.460.797	3.491.417
8) for rents and leases	347.271	531.620
9) personnel costs:		
a) salaries and wages	2.488.818	1.584.604
b) social security and welfare contributions	599.096	376.611
c) employee severance indemnity	175.313	132.068
e) other personnel costs	82.727	92
Total personnel costs	3.345.954	2.093.375
10) amortisation, depreciation and write-downs:		
a) amortisation of intangible assets	950.353	593.226
b) depreciation of tangible assets	36.758	14.314
Total amortisation, depreciation and write-downs	987.111	607.540
14) other operating expenses	223.681	95.248
TOTAL PRODUCTION COSTS (B)	11.376.970	6.819.200
DIFFERENCE BETWEEN VALUE AND COST OF PRODUCTION (A-B)	510.058	90.691
C) FINANCIAL INCOME AND EXPENSES		
others	0	1
Total investment income	0	1
16) Other Financial Income		
a) from receivables included in fixed assets	0	0
others	591	33.572
Total financial income from receivables included in fixed assets	591	33.572
17) interest expenses and financial charges:		
- from others	125.932	93.605
Total interest and other financial charges	125.932	93.605
17 bis) Gains and losses on foreign exchange	-951	-4.504
TOTAL FINANCIAL INCOME/EXPENSES	-126.292	-64.536
D) VALUE ADJUSTMENTS OF FINANCIAL ASSETS		
18) Revaluations (write-ups):		
Total revaluations (write-ups)	0	0
19) Devaluations (write-downs):		
a) of holdings	49.980	0
Total devaluations (write-downs)	49.980	0
Income before taxes (A - B + - C + - D + - E)	333.786	26.155
22) Current, deferred and prepaid income taxes for the financial year		
current taxes	423.174	119.729
deferred taxes	0	0
deferred tax assets	-131.243	17.865
Total current, deferred and prepaid taxes for the financial year	291.931	137.594
23) Profit (loss) for the financial year	41.855	-111.439
Group	-171.044	-110.100
Minority interests	212.902	-1.339

Statement of Cash Flows as at 30 June 2018

	30/06/2018	31/12/2017
A. Cash flows arising from operating income (indirect method)		
Profit (loss) for the financial year	41,855	52,922
Income taxes	291,931	14,870
Interest expense/(interest income)	123,946	215,220
(Dividends)	0	0
(Capital gains)/capital losses arising from the disposal of assets	2,346	(8,063)
1. Profit (loss) for the financial year before income taxes, interest, dividends and gains/losses on disposals	460,078	274,949
<i>Adjustments for non-cash items that had no counterpart in net working capital</i>		
Severance indemnity provisions	175,313	268,142
Depreciation of fixed assets	987,111	1,304,957
Write-downs for impairment losses	49,980	50,578
Other adjustments for non-cash items	(13,009)	(124,707)
<i>Total adjustments for non-cash items</i>	1,199,395	1,498,970
2. Cash flow before changes in net working capital	1,659,473	1,773,919
<i>Changes in net working capital</i>		
Decrease/(increase) in inventories	0	0
Decrease/(increase) in receivables from customers	(4,217,382)	(427,808)
Increase/(decrease) in payables to suppliers	1,900,881	365,646
Decrease/(increase) in prepaid expenses and accrued income	251,234	(215,716)
Increase/(decrease) in accrued expenses and deferred income	422,369	(42,842)
Other changes in net working capital	1,701,971	(762,433)
<i>Total changes in net working capital</i>	59,073	(1,083,154)
3. Cash flow after changes in net working capital	1,718,546	690,765
<i>Other adjustments</i>		
Interest received/(paid)	(123,946)	(215,220)
(Income taxes paid)	0	(66,544)
Dividends received	0	0
(Use of funds)	0	0
<i>Total Other adjustments</i>	(123,946)	(281,764)
Cash flow from operating income (A)	1,594,600	409,001

B. Cash flows from investment activities

Tangible fixed assets

(Investments)	(479,069)	(43,682)
Price for disposals	0	0

Intangible fixed assets

(Investments)	(682,781)	(1,785,325)
Price for disposals		

Financial fixed assets

(Investments)	0	0
Price for disposals	575	63,872

Financial assets not held as fixed assets

(Investments)	0	0
Price for disposals	0	0

Acquisition or disposal of subsidiaries

(3,069,752)	0
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Cash flow from investments (B)

(4,231,027)	(1,765,135)
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C. Cash flows from investment activities

Third party equity

Increase (decrease) in accounts payable to banks	839,284	(1,186,121)
New financing	1,552,525	630,000
Net proceeds from convertible bonds		1,440,000
Repayment of loans	(489,873)	(1,171,056)
Payables for acquisition of equity investments (Vendor Loan)	850,000	0
Payment of instalments and balance M&A (Vendor Loan)	0	(534,376)

Own equity

Paid capital increase	900,000	3,998,550
Disposal (purchase) of treasury shares	0	0
Dividends (and advance payments on dividends) paid	0	0

Cash flow from financing activities (C)

3,651,935	3,176,998
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Increase (decrease) of cash and cash equivalents (A ± B ± C)	1,015,509	1,820,864
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Cash and cash equivalents as at 1 January 2018	2,080,986	260,122
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Cash and cash equivalents as at 30 June 2018	3,096,495	2,080,986
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