

Digital360

Sector: Technology



Analysts

Marco Greco

+39 02 80886654

marco.greco@value-track.com

Filippo Mazzoleni

filippo.mazzoleni@value-track.com

Fair Value (€) 5.37
Market Price (€) 4.54
Market Cap. (€m) 86.1

Preliminary results confirmed

Digital360 leverages the internally developed largest Italian B2B online tech community in order to provide both custom and standardized demand generation and advisory / coaching services.

FY21 financials confirming preliminary figures

Digital360 FY21 financials are very good. We underline:

- ◆ Total Revenues at €34.4mn on a like-for-like basis and at €41.4mn pro-forma vs. €26.3mn of FY20, i.e. 30.5% y/y and 57.2% y/y, respectively.
- ◆ EBITDA at €8.0mn (pro-forma) vs. €5.0mn of FY20, i.e. a more than proportional margin expansion compared to top line (+59% y/y). Organically, EBITDA grew by ca. 36% to €6.9mn;
- ◆ EBITDA margin at 19.3%, 20bps higher than FY20 (19.1%), signaling non-dilutive M&A effects on profitability despite the 6 deals of the year;
- ◆ Net Cash at €3.1mn vs. FY20 Net Debt of €1.4mn, thanks to (i) solid OpFCF generation, (ii) acquisition of cash neutral/positive companies.

In terms of business units breakdown, Demand Generation recorded a significant 85% growth y/y, now weighting for ca. 60% of Total Revenues vs. Advisory at 40%. DIG remarkable performance in FY21 has also been facilitated by its recurring *Digital-as-a-Service* revenues model, with ARR at €8.5mn as of year-end vs. €6.4mn in FY20 (+33% y/y) and number of subscriptions at 254 (+41 net adds).

Estimates ok: cash generation enabling further M&A

Since there is no massive discrepancy between preliminary figures and actual results, we confirm our estimates for FY22E-FY23E, previously revised on our last report of February 17th. We forecast:

1. Revenues from Sales at €50.6mn in 2023E, i.e. +22.7% CAGR_{21A-23E}, driven by expected (i) higher scalability of recurrent revenues, (ii) government investments (NRRP) towards digital transformation that should boost DIG360 operations (iii) stronger positioning towards highly developing sectors such as Martech and Consultech and (iv) full consolidation of acquired companies and relative synergies;
2. EBITDA exceeding €10mn in 2023E and EBITDA margin at ca. 20%, gaining 70bps vs FY21A mainly thanks to positive operating leverage;
3. Net Cash Position at €6.9mn in 2023E as a result of the great >60% OpFCF/EBITDA conversion expected over the next two years. There is wide room for further M&A deals, both domestically and abroad.

Fair Value confirmed at €5.37 per share (fully-diluted)

We also confirm our fully diluted €5.37 p.s. fair value, with implicit stock valuation at 11.8x EV/EBITDA 22E, still at huge discount vs. its most direct peer (TechTarget), trading at ca. 20x EV/EBITDA 22E.

KEY FINANCIALS (€mn)	2021A	2022E	2023E
VALUE OF PRODUCTION	36.0	45.8	52.4
EBITDA	6.9	8.4	10.1
EBIT ADJ. (*)	5.0	6.3	7.7
NET PROFIT ADJ. (*)	3.2	4.3	5.4
EQUITY	16.4	19.4	23.4
NET FIN. POS.	3.1	3.0	6.9
EPS ADJ (€)(*)	0.18	0.23	0.28
DPS (€)	0.00	0.00	0.00

Source: Digital360 (2021), Value Track (2022E-23E estimates)

(*) Adjusted for Goodwill Amortization

RATIOS & MULTIPLES	2021A	2022E	2023E
EBITDA MARGIN (%)	20.2	19.0	19.9
EBIT ADJ. MARGIN. (%) (*)	14.5	14.4	15.3
NET DEBT / EBITDA (x)	nm	nm	nm
NET DEBT / EQUITY (x)	nm	nm	nm
EV/SALES (x)	2.6	1.9	1.6
EV/EBITDA (x)	12.7	10.1	8.0
EV/EBIT (x)	17.7	13.5	10.5

Source: Digital360 (2021), Value Track (2022E-23E estimates)

(*) Adjusted for Goodwill Amortization

STOCK DATA	
FAIR VALUE (€)	5.37
MARKET PRICE (€)	4.54
SHS. OUT. (m)	19.0
MARKET CAP. (€m)	86.1
FREE FLOAT (%)	28.0
AVG. -20D VOL. (#)	13,585
RIC / BBG	DIG.MI / DIG.IM
52 WK RANGE	2.39 – 5.18

Source: Stock Market Data



Business Description

Digital360 is an Italian based B2B “Match-Making Platform” whose aim is to establish profitable connections between entrepreneurs and public administration demanding digital solutions on one side and digital / tech vendors eager for prospect clients on the other one.

The company operates through two main business units: Demand Generation and Advisory & Coaching, providing both custom and engineered/standardized services. Digital360 is currently evolving both divisions toward a “Digital-as-a-service” business model, based on annual or multiyear subscriptions and leading to recurring revenue.

Key Financials

€mn	2020A	2021A(*)	2022E	2023E
Total Revenues	26.3	34.4	44.1	50.8
Chg. % YoY	17.0%	30.5%	28.3%	15.1%
EBITDA	5.0	6.9	8.4	10.1
EBITDA Margin (%)	19.0%	20.2%	19.0%	19.9%
EBIT	2.5	3.6	5.0	6.4
EBIT Margin (%)	9.6%	10.5%	11.3%	12.6%
Net Profit	1.1	1.8	3.0	4.1
Chg. % YoY	-345.7%	68.5%	65.7%	35.7%
Adjusted Net Profit	1.8	3.2	4.3	5.4
Chg. % YoY	nm	73.1%	37.5%	24.6%
Net Fin. Position	-1.4	3.1	3.0	6.9
Net Fin. Pos. / EBITDA (x)	0.3	nm	nm	nm
Net Investments	-1.5	-3.2	-2.2	-2.5
OpFCF b.t.	6.1	7.6	4.9	6.2
OpFCF b.t. as % of EBITDA	119.2%	109.7%	57.9%	61.6%

Source: Digital360 (historical figures), Value Track (estimates), (*)Like-4-Like data

Investment case

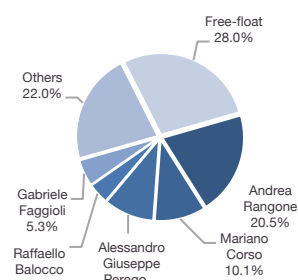
Strengths / Opportunities

- ◆ Exposure to a fast-growing and resilient reference market;
- ◆ Largest Italian tech community to be commercially exploited;
- ◆ Deep knowledge of the tech space to unlock future growth opportunities;
- ◆ Outstanding track record in the M&A field.

Weaknesses / Risks

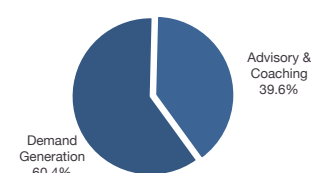
- ◆ Lower size if compared to competitors;
- ◆ Business model fine tuning implies an execution risk and may require additional managerial / technical capabilities, as well as additional funding.

Shareholders Structure



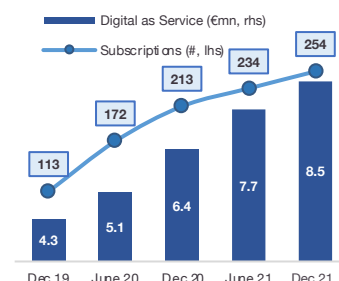
Source: Digital360

FY20 Sales by business line



Source: Digital360

ARR – Annual Recurring Revenues



Source: Digital360, Value Track

Stock multiples @ €5.37 Fair Value

Nosh FD	2022E	2023E
EV / SALES (x)	2.2	2.0
EV / EBITDA (x)	11.8	9.4
EV / EBIT (x)	19.9	14.8
EV / CE. (x)	6.2	5.9
OpFCF Yield (%)	5.4	8.0
P / E Adj. (x)	23.5	18.8
P / BV (x)	5.4	4.4
EV / EBIT ADJ. (x)	15.6	12.3

Source: Value Track

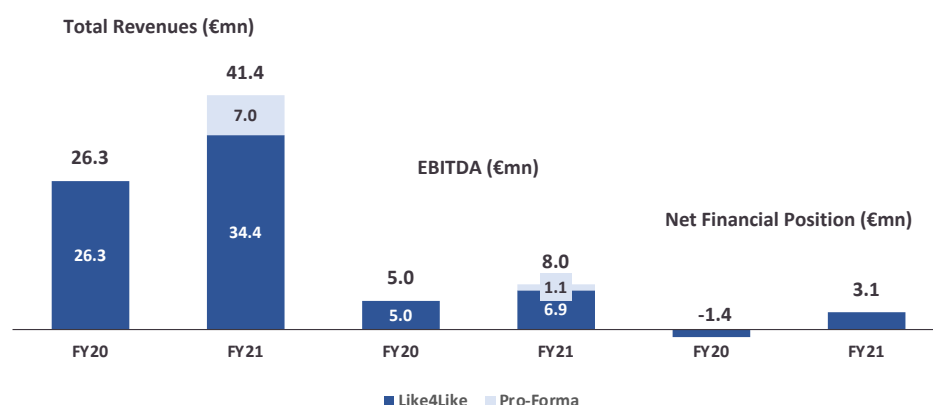
FY21 Financials confirming preliminary results

Digital360 (D360) has disclosed the full set of FY21 financial results that have been anticipated back in February by the release of Sales, EBITDA and Net Financial Position. We remind that we already commented such preliminary figures in our equity research published back as of February 17th, so for more details please have a look at that report.

However, for the sake of clarity we can summarize 2021FY key financials as follows:

- ◆ Total Revenues at €34.4mn on a like-for-like basis and at €41.4mn pro-forma vs. €26.3mn of FY20, i.e. 30.5% y/y and 57.2% y/y, respectively.
- ◆ EBITDA at €8.0mn (pro-forma) vs. €5.0mn of FY20, i.e. a more than proportional margin expansion compared to top line (+59% y/y). Organically, EBITDA grew by ca. 36% to €6.9mn;
- ◆ EBITDA margin at 19.3%, 20bps higher than FY20 (19.1%), signaling non-dilutive M&A effects on profitability despite the 6 deals of the year;
- ◆ Net Cash at €3.1mn vs. FY20 Net Debt of €1.4mn, thanks to (i) solid OpFCF generation, (ii) acquisition of cash neutral/positive companies.

Digital360: Key Financials evolution FY20-FY21



Source: Digital360, Value Track Analysis

Having a closer look to 2021 actual and proforma top line evolution is, in our view, useful, as two key messages can be observed:

1. Double digit growth has been recorded by both Business Units;
2. Subscription based clients and revenues are further increasing their penetration.

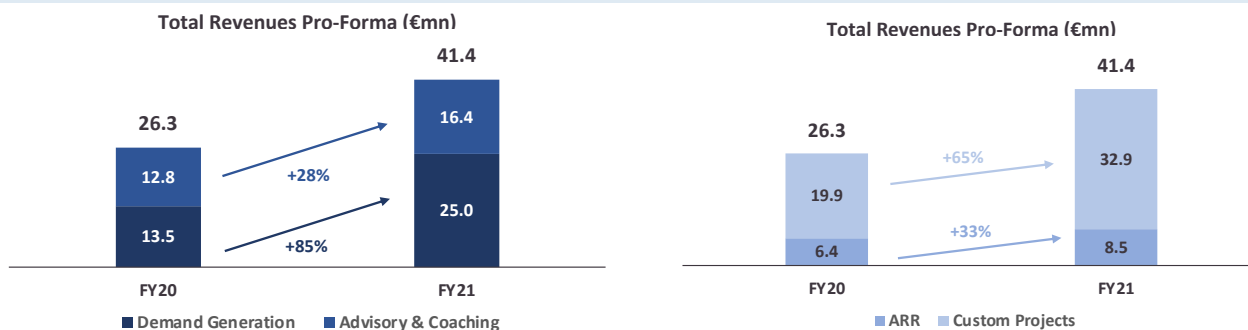
Digital360: Value of Production breakdown

(€mn)	FY20	FY21 L4L	y/y (%)	FY21 PF	y/y (%)
Revenues from Sales	26.1	33.7	29.0%	33.7	29.0%
Other Revenues	0.2	0.7	n.m.	0.7	n.m.
Δ Consolidation	0.0	0.0	n.m.	7.0	n.m.
Total Revenues	26.3	34.4	30.5%	41.4	57.2%
Capitalized development costs	1.3	1.6	22.5%	1.6	22.5%
Value of Production	27.6	36.0	30.1%	43.0	55.5%

Source: Digital360, Value Track Analysis

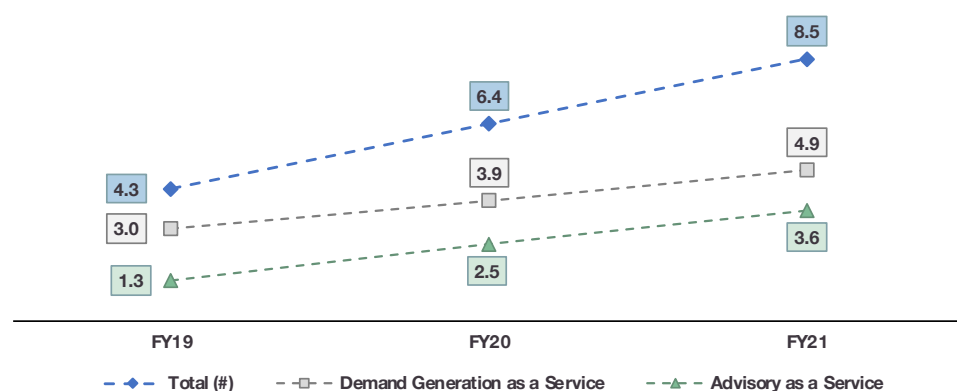
Indeed, Demand Generation recorded a significant 85% growth y/y, now weighting for ca. 60% of Total Revenues vs. Advisory at 40%, and recurring *Digital-as-a-Service* revenues (ARR) stood at €8.5mn as of year-end vs. €6.4mn in FY20 (+33% y/y) while number of subscriptions stood at 254 (+41 net adds).

Revenues breakdown by Business Line (lhs) and Recurrence (rhs)



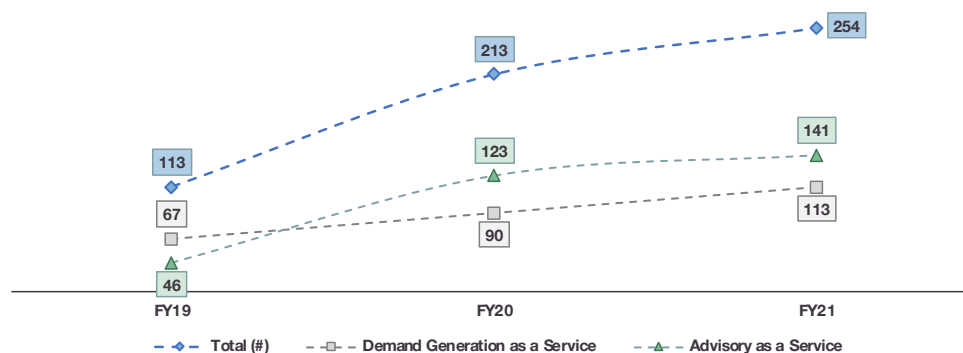
Source: Digital360, Value Track Analysis

Digital360: ARR (€mn) evolution



Source: Digital 360, Value Track Analysis

Digital360: Number of subscriptions-based solutions (#)



Source: Digital 360, Value Track Analysis

We confirm our 2022E-23E forecasts, already fine-tuned them back in February.

Digital360: P&L 2021A-23E

(IT GAAP, €mn)	2020A	2021A	2022E	2023E
Value of Production	27.6	36.0	45.8	52.4
COGS	-14.2	-17.7	-23.4	-27.0
Labour Costs	-8.3	-11.4	-13.9	-15.3
EBITDA	5.0	6.9	8.4	10.1
EBITDA Margin (% of Sales)	19.0%	20.2%	19.0%	19.9%
D&A (ex. Goodwill Amortization)	-1.8	-2.0	-2.1	-2.4
EBITA	3.3	5.0	6.3	7.7
Goodwill Amortization	-0.8	-1.4	-1.4	-1.4
EBIT	2.5	3.6	5.0	6.4
<i>EBIT Margin (% of Sales)</i>	<i>9.6%</i>	<i>10.5%</i>	<i>11.3%</i>	<i>12.6%</i>
Net financial charges	-0.1	-0.3	-0.2	-0.1
Taxes	-0.9	-1.3	-1.8	-2.2
Minorities	-0.5	-0.2	0.0	0.0
Net Profit (Loss)	1.1	1.8	3.0	4.1
Net Profit Adjusted	1.8	3.2	4.3	5.4

Source: Value Track Analysis (*) Like-for-Like basis

Digital360: Balance Sheet 2020A-23E

(IT GAAP, €mn)	2020A	2021A	2022E	2023E
Net Fixed assets	9.1	15.1	16.8	15.6
Net Working Capital	3.4	1.3	3.2	4.7
Provisions	1.3	3.1	3.6	3.7
Total Capital Employed	11.2	13.3	16.4	16.6
Group Net Equity	9.8	16.4	19.4	23.4
Net Fin. Pos. [Net debt (-)/ Cash (+)]	-1.4	3.1	3.0	6.9

Source: Value Track Analysis

Digital360: Cash Flow Statement 2020A-23E

(IT GAAP, €mn)	2020A	2021A	2022E	2023E
EBITDA	5.1	6.9	8.4	10.1
ΔNWC (inc. Δ prov.)	2.4	3.9	-1.3	-1.4
Capex (not incl. Fin. Inv.)	-1.5	-3.2	-2.2	-2.5
Cash Taxes	-0.9	-1.3	-1.8	-2.2
OpFCF a.t.	5.2	6.3	3.1	4.0
Fin. Investments	-0.2	-5.8	-3.0	0.0
Net Financial Charges	-0.1	-0.3	-0.2	-0.1
Change in Equity	0.0	4.3	0.0	0.0
Change in Net Fin. Pos.	5.0	4.4	-0.1	3.9

Source: Value Track Analysis (*) Like-for-Like basis

Messages from FY21 conference call

After the release of FY21 figures, D360 has hosted a webinar that, in our view, shed some more useful colour on:

1. FY21 evolution by Business Unit;
2. Next to come strategic guidelines.

As far as the first point is concerned, we hereby attach a couple of slides from the webinar that confirm how the BUs are evolving positively in terms of Customised Services and Subscription ones, and in terms of both organic development and M&A.

Digital360: Demand Generation BU key facts 2021

Customised Services

- Terrific growth of all digital services
 - Digital events (820!)
 - Digital communication services boosted by Digital360 network performances
 - Online lead generation
- Growth of **profitability** of the area, due to a mix focused on digital services
- Acquisition of **Innovation Post** and **Imageware**

Subscription Services

- **113** Marketing & sales Engine sold (vs 90 at the end of 2020), for annual recurrent revenues of **4.9 Mln** (v 3.9 mln at the end of 2020)
- Improvement of the **value proposition** and of the **martech platform**
- **Reengineering** of the main **processes**, **standardization** of the know how and the adoption of management software tools
- Acquisition of **Digital Sales** (2022)

Source: Digital 360

Digital360: Advisory & Coaching BU key facts 2021

Customised Services

- Two new practices
 - **ESG**
 - **Space Economy**
- Growth of **revenues** of the area
- Growth of **profitability** of the area
- Acquisition of **ICTLAB**

Subscription Services

- **142** as-a-service agreements sold for annual recurrent revenues of **3.5 Mln** (vs 2.5 mln at the end of 2020)
- Improvement of our **tech platform** and of the **consultech market**
- Growth of **profitability** of the area
- Acquisition of **Core Cube** (2021)

Source: Digital 360, Value Track Analysis

As far as the next to come strategies are concerned, the company didn't disclose anything new compared to what already highlighted in the recent past, but provided a useful recap. Find here below the slides summarizing all the strategic guidelines.

Digital360: Strategic directions (1/2)

SD1 Investments in

- ✓ **core competencies** in digital innovation (knowledge, engineered know-how, etc.)
- ✓ **content assets** (portals, SEO, social networks, etc.) to develop our **community**
- ✓ **technological platforms** (AI, RPA, Analytics, CRM, Martech, Digital Events, HRTech, etc.)
- ✓ **data collection, qualification & enrichment**

SD2 Subscription services

- ✓ Focus on the development of **Subscription Services**, with **recurrent revenues** in both business units: our **Bl** **Ocean strategy**

SD3 M&A

- **15 companies already acquired & integrated**
- Several companies in the scouting pipeline in Italy, Spain, Latam
- **Experienced M&A team & very standardised process**

Source: Digital 360

Digital360: Strategic directions (2/2)

SD4 Internationalization

- ✓ focus on the first geopolitical area (**Spain** and Spanish speaking **Latam**) and **first company acquired**
- ✓ **Important pipeline** of target companies

SD5 Empowerment of managerial structure

- ✓ Enzo Greco: **Group General Manager**
- ✓ Simone Battiferri: **Latam Director**
- ✓ Spain Country Manager: coming soon

SD6 Benefit Company

- ✓ To strengthen our commitment to pursue objectives of common good, related to develop a **greater digital culture** and the promotion of **digital innovation as a lever for sustainable & inclusive economic growth**

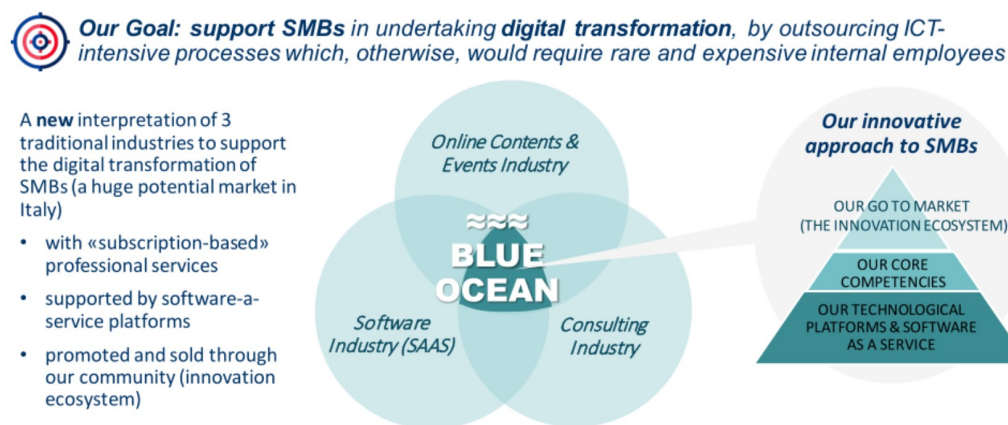
Source: Digital 360

Out of the above highlighted strategic guidelines, a spotlight has been centered on the two development strategies that, in our view, are cornerstone to D360 equity story, i.e.

- ◆ the further take up of recurring business (DaaS) and;
- ◆ the next to come M&A driven growth abroad in all Spanish speaking countries.

Please refer to our previous equity research reports to get more details on the value creation opportunity deriving from these strategies.

Digital360: Focus on DaaS business



Source: Digital 360

Digital360: Focus on internationalization strategy

An **in-depth analysis** of the **international scenario** carried out in last months by a **dedicated DIGITAL360 task force** has, highlighted interesting business development opportunities in some of the Group's strategic areas of activity

The analysis has shown the high **attractiveness of the geopolitical area including Spain and Latam**, for a number of reasons:

- **overall area addressable with one single spanish speaking team** (content is king in the business of Demand Generation!)
- **significant growth** rates in all local markets based on **digital technology** as a result of the cultural impact of the pandemic and the significant financial resources coming in to relaunch the economy and its digitalization
- **favourable competitive context:** fragmented, without dominant player on the market

DIGITAL360, for the experience gained during these years, represents an **entrepreneurial entity** particularly suited to **play important games** in these markets both through acquisitions and organic growth.

Source: Digital 360

Fair value confirmed at €5.37

We confirm our fair value per share at €5.37 based on the average trading multiples of selected ITA peers, and on a fully diluted number of shares, that is assuming the full exercise of residual deep in the money outstanding convertible bonds (strike price at €1.60).

At fair value, DIG shares would trade at 2.2x EV/Sales, 11.8x EV/EBITDA, 15.6x EV/EBIT Adj. and 23.5x Adj. P/E 2022E multiples, still embedding a huge discount vs. its most direct comparable (TechTarget), currently trading at 19.5x market consensus EV/EBITDA'22E.

Digital360: EGM tech companies - stock trading multiples

Company	EV / Sales (x)		EV / EBITDA (x)		EV / EBIT (x)		P/E Adj. (x)	
	2022E	2023E	2022E	2023E	2022E	2023E	2022E	2023E
Growens	0.9	0.7	11.3	9.3	nm	21.1	nm	38.5
Cyberoo	3.8	2.2	8.3	3.6	12.1	4.5	18.9	7.9
CY4Gate	5.8	4.7	13.8	11.5	22.8	17.5	31.2	24.9
Neosperience	1.7	1.3	6.4	4.4	15.3	7.8	24.8	12.7
Relatech	2.0	1.6	8.4	6.3	11.9	9.0	16.0	12.8
Unidata	3.5	2.9	9.0	7.3	16.0	11.3	23.1	16.7
Doxee	3.5	2.9	10.6	8.5	18.9	15.3	27.0	22.3
Vantea Smart	1.3	0.9	9.6	4.9	12.6	5.9	19.3	9.6
Reevo	3.6	2.7	11.8	8.3	16.5	11.7	25.4	18.6
Almawave S.p.A.	3.0	2.6	12.1	10.5	20.9	18.2	35.7	31.3
DHH	3.1	2.6	9.2	7.6	16.5	12.3	26.4	20.9
Total Average	2.9	2.3	10.1	7.5	16.3	12.2	24.8	19.6
Total Median	3.1	2.6	9.6	7.6	16.3	11.7	25.1	18.6
D360 @ Mkt price	1.9	1.6	9.9	7.9	13.2	10.3	19.9	16.0
Discount % vs. avg.	-35%	-31%	-1%	5%	-19%	-16%	-20%	-19%
Discount % vs. med.	-38%	-40%	3%	4%	-19%	-12%	-21%	-14%

Source: Market Consensus, Value Track Analysis

Appendix – M&A Activity

FY21-22YTD M&As: Seven relevant deals at accretive 5.0x EV/EBITDA

Digital360: Historical M&A



Source: Digital 360, Value Track Analysis

Digital360: M&A deals FY21 and 2022 YTD

Target	Ann. Date	Acq. Stake	Acq. Value (€mn)	Rev.20A	EBITDA 20A	NFP 20A	EV/EBITDA
Service Pro Italy	06/05/21	49%	4.03	1.76	0.49	1.3(*)	5.5
IQ Consulting	06/05/21	49%	0.40	0.69	0.20	0.2*	1.0
IP S.r.l.	15/03/21	100%	0.18	0.18*	0.04*	0.0*	5.0
CTMobi Srl.	23/06/21	100%	0.69	0.45	0.07	0.2	6.7
Gruppo Imageware	17/09/21	51%	4.60	6.00	0.60	2.5	4.5
ICT LAB Srl	21/09/21	100%	2.94	2.00(**)	0.40(**)	0.1(*)	5.3
XONA	25/01/22	51%	0.40	0.6	0.1	0.0(**)	8.7
Total			13.54	13.50	1.84	4.33	5.0

Source: Source: Digital360, Value Track Analysis (*) ValuaTrack estimates (**) 2021Value Track expectations

DISCLAIMER

THIS DOCUMENT IS PREPARED BY VALUE TRACK S.R.L. THIS DOCUMENT IS BEING FURNISHED TO YOU SOLELY FOR YOUR INFORMATION ON A CONFIDENTIAL BASIS AND MAY NOT BE REPRODUCED, REDISTRIBUTED OR PASSED ON, IN WHOLE OR IN PART, TO ANY OTHER PERSON. IN PARTICULAR, NEITHER THIS DOCUMENT NOR ANY COPY THEREOF MAY BE TAKEN OR TRANSMITTED OR DISTRIBUTED, DIRECTLY OR INDIRECTLY, INTO CANADA OR JAPAN OR AUSTRALIA TO ANY RESIDENT THEREOF OR INTO THE UNITED STATES, ITS TERRITORIES OR POSSESSIONS. THE DISTRIBUTION OF THIS DOCUMENT IN OTHER JURISDICTIONS MAY BE RESTRICTED BY LAW AND PERSONS INTO WHOSE POSSESSION THIS DOCUMENT COMES SHOULD INFORM THEMSELVES ABOUT, AND OBSERVE, ANY SUCH RESTRICTION. ANY FAILURE TO COMPLY WITH THESE RESTRICTIONS MAY CONSTITUTE A VIOLATION OF THE LAWS OF ANY SUCH OTHER JURISDICTION. THIS DOCUMENT DOES NOT CONSTITUTE OR FORM PART OF, AND SHOULD NOT BE CONSTRUED AS, AN OFFER, INVITATION OR INDUCEMENT TO SUBSCRIBE FOR OR PURCHASE ANY SECURITIES, AND NEITHER THIS DOCUMENT NOR ANYTHING CONTAINED HEREIN SHALL FORM THE BASIS OF OR BE RELIED ON IN CONNECTION WITH OR ACT AS AN INVITATION OR INDUCEMENT TO ENTER INTO ANY CONTRACT OR COMMITMENT WHATSOEVER. THIS DOCUMENT HAS NOT BEEN PUBLISHED GENERALLY AND HAS ONLY BEEN MADE AVAILABLE TO INSTITUTIONAL INVESTORS. IN MAKING AN INVESTMENT DECISION, POTENTIAL INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE COMPANY AND ITS GROUP INCLUDING THE MERITS AND RISKS INVOLVED. THIS DOCUMENT IS FOR DISTRIBUTION IN OR FROM THE UNITED KINGDOM ONLY TO PERSONS WHO: (I) HAVE PROFESSIONAL EXPERIENCE IN MATTERS RELATING TO INVESTMENTS FALLING WITHIN ARTICLE 19(5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005 (AS AMENDED, THE “**FINANCIAL PROMOTION ORDER**”), (II) ARE PERSONS FALLING WITHIN ARTICLE 49(2)(A) TO (D) (“HIGH NET WORTH COMPANIES, UNINCORPORATED ASSOCIATIONS ETC.”) OF THE FINANCIAL PROMOTION ORDER, (III) ARE OUTSIDE THE UNITED KINGDOM, OR (IV) ARE PERSONS TO WHOM AN INVITATION OR INDUCEMENT TO ENGAGE IN INVESTMENT ACTIVITY (WITHIN THE MEANING OF SECTION 21 OF THE FINANCIAL SERVICES AND MARKETS ACT 2000) IN CONNECTION WITH THE ISSUE OR SALE OF ANY SECURITIES MAY OTHERWISE LAWFULLY BE COMMUNICATED OR CAUSED TO BE COMMUNICATED (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS “**RELEVANT PERSONS**”). THIS DOCUMENT IS DIRECTED ONLY AT RELEVANT PERSONS AND MUST NOT BE ACTED ON OR RELIED ON BY PERSONS WHO ARE NOT RELEVANT PERSONS. ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THIS DOCUMENT RELATES IS AVAILABLE ONLY TO RELEVANT PERSONS AND WILL BE ENGAGED IN ONLY WITH RELEVANT PERSONS. IN ITALY THIS DOCUMENT IS BEING DISTRIBUTED ONLY TO, AND IS DIRECTED AT QUALIFIED INVESTORS WITHIN THE MEANING OF ARTICLE 100 OF LEGISLATIVE DECREE NO. 58 OF 24 FEBRUARY 1998, AS AMENDED, AND ARTICLE 34-TER, PARAGRAPH 1, LETTER B), OF CONSOB REGULATION ON ISSUERS NO. 11971 OF MAY 14, 1999, AS SUBSEQUENTLY AMENDED (THE “**ISSUERS’ REGULATION**”) PROVIDED THAT SUCH QUALIFIED INVESTORS WILL ACT IN THEIR CAPACITY AND NOT AS DEPOSITARIES OR NOMINEES FOR OTHER SHAREHOLDERS, SUCH AS PERSONS AUTHORISED AND REGULATED TO OPERATE IN FINANCIAL MARKETS, BOTH ITALIAN AND FOREIGN, I.E.: A) BANKS; B) INVESTMENT FIRMS; C) OTHER AUTHORISED AND REGULATED FINANCIAL INSTITUTIONS; D) INSURANCE COMPANIES; E) COLLECTIVE INVESTMENT UNDERTAKINGS AND MANAGEMENT COMPANIES FOR SUCH UNDERTAKINGS; F) PENSION FUNDS AND MANAGEMENT COMPANIES FOR SUCH FUNDS; G) DEALERS ACTING ON THEIR OWN ACCOUNT ON COMMODITIES AND COMMODITY-BASED DERIVATIVES; H) PERSONS DEALING EXCLUSIVELY ON THEIR OWN ACCOUNT ON FINANCIAL INSTRUMENTS MARKETS WITH INDIRECT MEMBERSHIP OF CLEARING AND SETTLEMENT SERVICES AND THE LOCAL COMPENSATORY AND GUARANTEE SYSTEM; I) OTHER INSTITUTIONAL INVESTORS; L) STOCKBROKERS; (2) LARGE COMPANIES WHICH AT INDIVIDUAL COMPANY LEVEL MEET AT LEAST TWO OF THE FOLLOWING REQUIREMENTS: – BALANCE SHEET TOTAL: 20,000,000 EURO, – NET REVENUES: 40,000,000 EURO, – OWN FUNDS: 2,000,000 EURO; (3) INSTITUTIONAL INVESTORS WHOSE MAIN ACTIVITY IS INVESTMENT IN FINANCIAL INSTRUMENTS, INCLUDING COMPANIES DEDICATED TO THE SECURITISATION OF ASSETS AND OTHER FINANCIAL TRANSACTIONS (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS “**RELEVANT PERSONS**”). ANY PERSON WHO IS NOT A RELEVANT PERSON SHOULD NOT ACT OR RELY ON THIS DOCUMENT OR ANY OF ITS CONTENTS. THIS DOCUMENT IS NOT ADDRESSED TO ANY MEMBER OF THE GENERAL PUBLIC IN ITALY. UNDER NO CIRCUMSTANCES SHOULD THIS DOCUMENT CIRCULATE AMONG, OR BE DISTRIBUTED IN ITALY TO (I) A MEMBER OF THE GENERAL PUBLIC, (II) INDIVIDUALS OR ENTITIES FALLING OUTSIDE THE DEFINITION OF “QUALIFIED INVESTORS” AS SPECIFIED ABOVE OR (III) DISTRIBUTION CHANNELS THROUGH WHICH INFORMATION IS OR IS LIKELY TO BECOME AVAILABLE TO A LARGE NUMBER OF PERSONS. THIS DOCUMENT IS BEING DISTRIBUTED TO AND IS DIRECTED ONLY AT PERSONS IN MEMBER STATES OF THE EUROPEAN ECONOMIC AREA (“**EEA**”) WHO ARE “QUALIFIED INVESTORS” WITHIN THE MEANING OF ARTICLE 2(1)(E) OF THE PROSPECTUS DIRECTIVE (DIRECTIVE 2003/71/EC), (“**QUALIFIED INVESTORS**”). ANY PERSON IN THE EEA WHO RECEIVES THIS DOCUMENT WILL BE DEEMED TO HAVE REPRESENTED AND AGREED THAT IT IS A QUALIFIED INVESTOR. ANY SUCH RECIPIENT WILL ALSO BE DEEMED TO HAVE REPRESENTED AND AGREED THAT IT HAS NOT RECEIVED THIS DOCUMENT ON BEHALF OF PERSONS IN THE EEA OTHER THAN QUALIFIED INVESTORS OR PERSONS IN THE UK, ITALY AND OTHER MEMBER STATES (WHERE EQUIVALENT LEGISLATION EXISTS) FOR WHOM THE INVESTOR HAS AUTHORITY TO MAKE DECISIONS ON A WHOLLY DISCRETIONARY BASIS. THE COMPANY, VALUE TRACK S.R.L. AND THEIR AFFILIATES, AND OTHERS WILL RELY UPON THE TRUTH AND ACCURACY OF THE FOREGOING REPRESENTATIONS AND AGREEMENTS. ANY PERSON IN THE EEA WHO IS NOT A QUALIFIED INVESTOR SHOULD NOT ACT OR RELY ON THIS DOCUMENT OR ANY OF ITS CONTENTS. THE EXPRESSION “PROSPECTUS DIRECTIVE” MEANS DIRECTIVE 2003/71/EC (AND AMENDMENTS THERETO, INCLUDING THE 2010 PD AMENDING DIRECTIVE, TO THE EXTENT IMPLEMENTED IN THE RELEVANT MEMBER STATE), AND INCLUDES ANY RELEVANT IMPLEMENTING MEASURE IN THE RELEVANT MEMBER STATE AND THE EXPRESSION “2010 PD AMENDING DIRECTIVE” MEANS DIRECTIVE 2010/73/EU. **DIGITAL360 SPA (THE “COMPANY”) IS A RESEARCH CLIENT OF VALUE TRACK S.R.L.** HOWEVER ANY FORECASTS, OPINIONS AND EXPECTATIONS CONTAINED HEREIN ARE ENTIRELY THOSE OF VALUE TRACK S.R.L. AND ARE GIVEN AS PART OF ITS NORMAL RESEARCH ACTIVITY AND SHOULD NOT BE RELIED UPON AS HAVING BEEN AUTHORISED OR APPROVED BY ANY OTHER PERSON. VALUE TRACK S.R.L. HAS NO AUTHORITY WHATSOEVER TO MAKE ANY REPRESENTATION OR WARRANTY ON BEHALF OF THE COMPANY, ITS SHAREHOLDERS, ANY OF ITS ADVISORS, OR ANY OTHER PERSON IN CONNECTION THEREWITH. WHILE ALL REASONABLE CARE HAS BEEN TAKEN TO ENSURE THAT THE FACTS STATED HEREIN ARE ACCURATE AND THAT THE FORECASTS, OPINIONS AND EXPECTATIONS CONTAINED HEREIN ARE FAIR AND REASONABLE, VALUE TRACK S.R.L. HAS NOT VERIFIED THE CONTENTS HEREOF AND ACCORDINGLY NONE OF VALUE TRACK S.R.L., THE COMPANY, ITS SHAREHOLDERS, ANY ADVISORS TO THE COMPANY OR ITS SHAREHOLDERS OR ANY OTHER PERSON IN CONNECTION THEREWITH NOR ANY OF THEIR RESPECTIVE DIRECTORS, OFFICERS OR EMPLOYEES, SHALL BE IN ANY WAY RESPONSIBLE FOR THE CONTENTS HEREOF AND NO RELIANCE SHOULD BE PLACED ON THE ACCURACY, FAIRNESS, OR COMPLETENESS OF THE INFORMATION CONTAINED IN THIS DOCUMENT. NO PERSON ACCEPTS ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWSOEVER ARISING FROM THE USE OF THIS DOCUMENT OR OF ITS CONTENTS OR OTHERWISE ARISING IN CONNECTION THEREWITH. TO THE EXTENT PERMITTED BY LAW AND BY REGULATIONS, VALUE TRACK S.R.L. (OR ITS OFFICERS, DIRECTORS OR EMPLOYEES) MAY HAVE A POSITION IN THE SECURITIES OF (OR OPTIONS, WARRANTS OR RIGHTS WITH RESPECT TO, OR INTEREST IN THE SHARES OR OTHER SECURITIES OF) THE COMPANY AND MAY MAKE A MARKET OR ACT AS A PRINCIPAL IN ANY TRANSACTIONS IN SUCH SECURITIES.