

Consolidated financial report as at 31 December 2022

Parent company
Digital360 S.p.A

Registered office - Milan - Via Copernico, 38
Share Capital euro 2.055.034,60 i.v.

Tax Code 08053820968
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Composition of the corporate bodies of Digital360 S.p.A.

Board of Directors

Chairman of the Board of Directors
ANDREA RANGONE

Managing Director
GABRIELE FAGGIOLI

Managing Director
RAFFAELLO BALOCCO

Independent director
GIOVANNI CROSTAROSA GUICCIARDI

Director and Honorary President
UMBERTO BERTELE'

Councillor
CARLO MOCHI SISMONDI

Councillor
PIERLUIGI NEGRO

Board of Auditors

Chairman of the Board of Auditors
MARCO GIUSEPPE ZANOBIO

Acting auditor
VINCENZO MARIA MARZUILLO

Acting auditor
CARLO PAGLIUGHI

Auditing Company

BDO Italia S.p.A.

The three-year terms of office of the Board of Directors and the Board of Statutory Auditors, appointed by the Shareholders' Meeting of 30 April 2020, will expire at the same time as the Shareholders' Meeting approving these financial statements for the financial year 2022.



Consolidated Financial Report as at 31 December 2022

Foreword

DIGITAL360 S.p.A. is an innovative SME and Benefit Company, listed on the Euronext Growth Milan Market (EGM: formerly AIM Italia) of Borsa Italiana since June 2017. It was born from university research - from a group of professors at the Politecnico di Milano who are passionate about technology and innovation - integrating in its growth path some of the most prominent figures in the world of digital innovation in Italy (entrepreneurs, managers, sector experts).

Its mission is to accompany companies and public administrations in the understanding and implementation of digital innovation, facilitating their encounter with the best technology providers. It pursues this mission through two Business Units:

- the first, called *Demand Generation*, helps digital service and solution providers (tech companies) communicate more effectively and connect with new customers;
- the second, called *Advisory&Coaching*, works alongside companies and public administrations to support them in their digital transformation path.

Both Business Units share a fundamental asset of the Group: the DIGITAL360 Network, which includes all the publications and B2B portals dedicated to the themes of digital transformation and entrepreneurial innovation and is the point of reference in Italy for managers, professionals, policy makers, politicians, tech companies, start-ups and public administrations. In addition to being a direct enabler of many of the services of the 'Demand Generation' Business Unit, the Network actually also plays a key role at the go-to-market level of both business lines, allowing new prospects to be identified on an ongoing basis and the business model to be 'scaled up' to the small and medium-sized enterprise market.

Both business units follow an innovative approach, strongly based on proprietary assets (in addition to the DIGITAL360 Network, highly engineered know-how and technology platforms delivered as-a-service), which is revolutionising their markets.

As will be discussed in more detail later in this report, DIGITAL360 has focused strongly in 2022 on growth through acquisitions in Italy and abroad. Compared to 2021, as many as 15 new realities have joined the perimeter, some of them consisting of small corporate groups: DIGITAL360's growth strategy has always been



strongly based on acquisitions, aimed primarily at consolidating highly fragmented markets in order to gain market leadership positions.

In spite of the uncertain economic environment, DIGITAL360 therefore continues to develop, resulting in a significantly increased perimeter compared to 2021, in terms of size, numbers and above all, prospects.

The following chart outlines the current structure of the DIGITAL360 Group, showing only controlling interests, aggregated by Business Unit.



For a detailed description of the Group's activities, please refer to the relevant section (Appendix 1) later in this report.

As of the date of preparation of this report, the share capital of DIGITAL360 S.p.A. amounted to Euro 2,055,034.60, consisting of 20,550,346 ordinary shares, 27% of which are freely traded on the Euronext Growth Milan secondary market of Borsa Italiana.

Please note that in the consolidated financial statements of DIGITAL360, since international accounting standards (IAS-IFRS) are not currently adopted, amortisation of consolidation differences arising from the acquisitions made are amortised. The 'adjusted' figures shown in this report are therefore intended to represent the economic results without taking these amortisations into account.

Reference scenario

The economic environment in 2022 appears to be strongly influenced by several critical phenomena still ongoing in 2023, such as the Russian-Ukrainian conflict, the energy and gas crisis, rising inflation, and rising interest rates.



Against this backdrop, the Italian economy, which had shown strong signs of recovery in 2021 with a GDP growth rate of 6.6 %, slows down in 2022 with a growth rate of 3.9 %.

Strongly influenced by energy costs, inflation rises significantly: on average, consumer prices rise by 8.1% in 2022 (+1.9% in 2021), with an even more negative year-on-year trend in December 2022 (+11.6%). Excluding energy, consumer prices increase on average by 4.1% (+0.8% in 2021). Consequently, in an attempt to curb this growth, which is now widespread throughout Europe, the ECB Governing Council continued to raise interest rates throughout the year.

In spite of this picture, the digital market continues to grow, supported also by the huge investments from the PNRR, which aims to boost the pandemic-induced digital transformation for businesses and public administrations.

According to the latest Anitec-Assinform report on digital in Italy (29 November 2022), the digital market in Italy, which had grown strongly in 2021 (albeit a little less than GDP) with +5.3%, is set to grow more modestly in 2022, at +2.1% in 2022, but expectations for the years to come are for faster growth with +3% in 2023, to then return to faster growth in the two-year period 2024-2025. around 5%. However, it should be emphasised that in this market, the most innovative sectors are growing in double figures - for example, cybersecurity, cloud, artificial intelligence, martech - all areas in which DIGITAL360 is present and has invested heavily.

According to the report, from a competitive point of view, accelerated by the challenges opened up by the pandemic, there is now a widespread awareness in all sectors that *digital enablers* and ICT technologies determine competitive power in the knowledge economy. The impact of the widespread adoption of digital on the organisation of businesses and public administrations is becoming evident. In order to cope with the Covid by leveraging digital, they have made radical organisational and operational changes in just a few months that used to take years in the past.

The overall scenario therefore, although characterised by uncertainty, nevertheless offers several opportunities for DIGITAL360, which offers services on which many resources have been invested for years - such as digital events, online communication, digital *lead generation*, remote (remote) *advisory* - and has increased the perception of the importance of topics such as *smart working*, *cybersecurity*, *Industry 4.0*, digital skills development, *digital marketing*, and *remote selling*.

Therefore, as anticipated, it is precisely the opportunities that have emerged from the growth of the digital innovation market that have driven DIGITAL360, even in a difficult context such as the current one, to broaden its perimeter of action, growing in 2022 in Italy and abroad with new acquisitions and laying the foundations, as will be discussed in more detail below, for development not only in Italy but also in those



countries where the prospects for growth appear best. Aggregative (build-up) strategies within this scenario appear to be strongly strategic, and have been carefully evaluated and put in place to immediately reach a sufficient critical mass to become, not only in Italy, but also in the Spanish-speaking countries (Spain and LATAM) the largest provider of marketing and lead generation services to large global technology companies.

Key economic and financial data

The year 2022 was therefore full of important news, with a significant acceleration of DIGITAL360's strategic expansion plan, a strong organisational strengthening, and growth in numbers and prospects.

Compared to 2021, the 2022 budget was enriched, as anticipated, by no less than 15 new companies, of which seven abroad. A further three acquisitions were completed, two of them abroad, in early 2023.

The new additions have significantly changed the scope of consolidation, making it more complex to read the statutory economic and financial data in their comparison with 2021. The completed acquisitions are in fact economically consolidated in the financial statements on a *pro rata temporis basis* and still have a limited impact on the Group's reported results.

For these reasons, the financial year that has just ended, although showing growth and very positive data, only shows part of the economic and business dynamics underway, which will gradually become more explicit with the progressive consolidation in the Group not only of the economic-financial data of the companies acquired and being acquired, but also of the organisational, product and commercial synergies that may arise from these: the evolution and growth of DIGITAL360 is driven, therefore, on the one hand by favourable market dynamics and impetus, and on the other by the ability to be able to seize, especially in a context undergoing profound transformation, valid aggregative solutions in fragmented markets in order to improve its strategic and competitive positioning, and by acquiring, together with the companies, valid co-entrepreneurs with the same vision and culture as DIGITAL360.

That is why in 2022 DIGITAL360 started a major international expansion project aimed primarily at the Latam and Spanish geopolitical area, which had already been prepared last year with the launch of [InnovacionDigital360.com](https://www.innovaciondigital360.com), a Spanish-language portal dedicated to digital transformation.

In particular, Latin America and Spain are huge markets with great development potential, characterised by multiple factors of interest to the Group a similarity of the local digital market with the Italian one (on the



one hand, a delay in the digitisation of companies and public administrations and a presence of many SMEs, on the other hand, the central role on the market of the same technology vendors); a strong expected growth in digitisation, thanks to the cultural impulse resulting from the pandemic and the arrival of substantial public funds to relaunch the economy; a favourable competitive environment, very fragmented and lacking operators with significant market shares. Multiple countries share the Spanish language, thus enabling the creation of a single shared team and platform.

This huge geopolitical area also shares a very similar cultural matrix to Italy, and offers opportunities particularly relevant for the company's business, also presenting a market and competitive environment with similar characteristics to that of our country, and which make it easier to replicate the business model already successfully implemented in Italy in recent years, based on digital assets and *martech* and *salestech* technology platforms; there is also a strong acceleration of digital innovation in that area, driven by the pandemic and the arrival of public funds to boost the economy.

Due to the lack of homogeneity of the data for the two years under comparison, the changes in the same scope have been highlighted and commented on, but the pro-forma figures of the income statement have also been highlighted alongside the balance sheet values, simulating the effect of consolidation as if it referred to the entire year. The pro-forma figures, shown for information purposes only in the Report on Operations and not subject to audit, are therefore useful to better represent the management effects of the acquisitions on the Group's business and the overall dimensional impact of costs and revenues, as well as to facilitate comparison with the results to come in the following year.

Total revenue in the consolidated financial statements as at 31 December 2022 amounted to EUR 56.4 million, an increase of 64% compared to the same period in 2021, when it amounted to EUR 34.4 million.

As a result of the significant growth in revenue, EBITDA in the consolidated financial statements reached EUR 9.7 million, an increase of 39% compared to the EBITDA of EUR 6.9 million at 31 December 2021.

EBIT in the consolidated financial statements amounted to EUR 4.6 million as of 31 December 2022, "only" 28% higher than in 2021, due to depreciation and amortisation resulting from the significant consolidation differences due to the 15 acquisitions made. Neutralising these effects, Adjusted EBIT¹ amounted to EUR 6.9 million, up 37% compared to the value recognised as of 31 December 2021 (amounting to EUR 5.0 million).

¹ *Adjusted figures are reclassified to neutralise the effect of amortisation of consolidation differences*



Consolidated net profit increased to EUR 2.6 million, 30% more than in 2021.

Adjusted net profit amounted to EUR 4.8 million, up 45% from 2021.

Due to the inconsistency of the consolidation perimeters (the companies acquired in 2021 contributed to the income statement only for a few months and in full in 2022, and the companies acquired in 2022 were not present in 2021 and contribute only for a few months in the current year), it is more meaningful to compare the pro forma economic data for the two years.

A comparison of the pro forma figures, with a more homogenous perimeter in terms of consolidation periods, highlights the growth that occurred in the two periods, with revenues at €76.6 million, up 85% compared to 2021. The pro forma revenue growth of €35.2 million is attributable for about €31 million to the contribution of the new acquisitions, and for the difference to the organic growth of the group's activities, which therefore show revenue growth (on a like-for-like basis) of about 10%.

Pro forma production value amounted to EUR 81.8 million, an increase of EUR 38.8 million (+90%).

Instead, with reference to the pro-forma figures, EBITDA amounted to EUR 14.3 million and grew by 79% compared to EUR 8.0 million in 2021, and on a like-for-like basis the growth is estimated to be about 5%: this latter increase, which on the whole is limited compared to past years, is also due to the investment made by the most senior executives towards supporting the integration of the acquisitions made and the important strengthening of the managerial structure and corporate staff organisational units necessary to effectively cope with the significant growth in size.

Again with reference to pro-forma data, Adjusted EBIT reached EUR 11.1 million, an increase of 91% compared to EUR 5.8 million in the previous year.

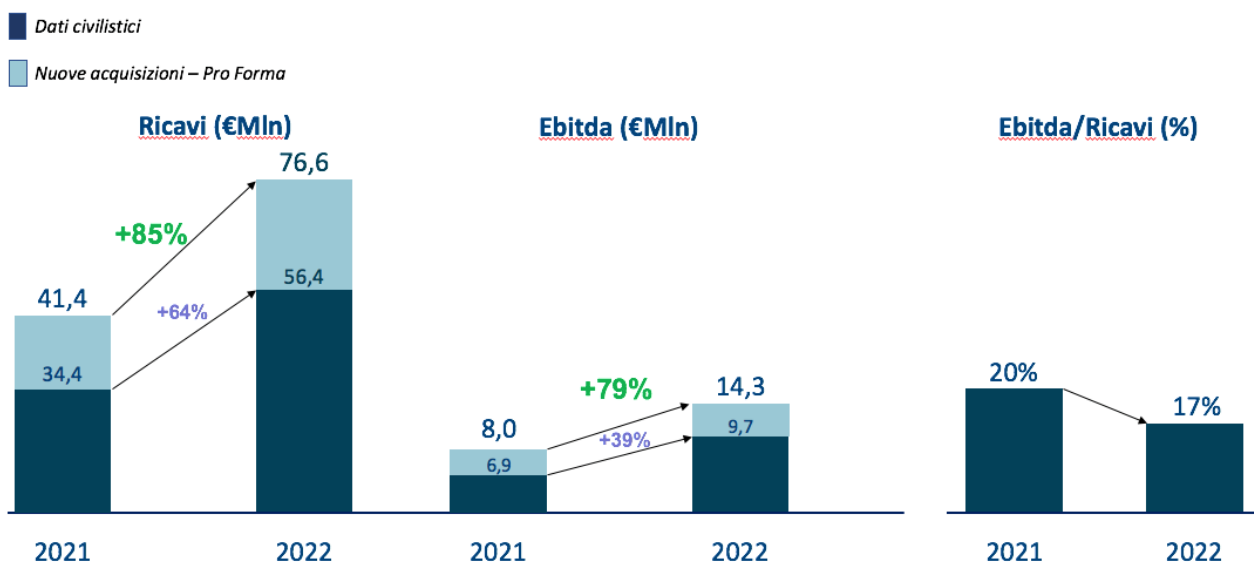
The dense programme of acquisitions and the investments made in technology naturally required a significant financial effort, which took the form of the use of own resources and, above all, third-party



resources. The NFP, therefore, reversed its sign and from a credit balance of EUR 3.1 million in the financial year 2021 became a debit balance of EUR 14.4 million at 31.12.2022.

Details of the changes are set out later in this report, in the commentary on the Group's balance sheet figures.

FY 2022 / FY 2021 : Key Economic Indicators (€ Mln)



The table below provides a summary of the most significant financial statement figures as of 31 December 2022 compared to the previous year. With reference to the Adjusted figures shown in the table, reference is made to the Ebit and Earnings figures net of amortisation of consolidation differences, as already highlighted in the introduction to this report. As anticipated, the 2021 and 2022 pro-forma figures are also shown, which represent the overall effect of the consolidation of the new equity investments acquired during the year (in accordance with the methods outlined above) and not *pro-rata temporis*. Finally, it is reiterated that these pro-forma figures were not subject to audit.



Risultati operativi	Dati civilistici consolidati			Dati pro-forma consolidati		
	31.12.21	31.12.22	22 vs 21	31.12.21	31.12.22	22PF vs 21PF
valori in mln di euro						
Valore della Produzione	36,0	59,7	66%	43,0	81,8	90%
RICAVI COMPLESSIVI	34,4	56,4	64%	41,4	76,6	85%
EBITDA	6,9	9,7	39%	8,0	14,3	79%
% Ebitda / Ricavi complessivi	20,2%	17,1%		19,3%	18,7%	
EBIT	3,6	4,6	28%	4,4	7,5	71%
% Ebit / Ricavi complessivi	10,6%	8,2%		10,6%	9,8%	
EBIT Adjusted	5,0	6,9	37%	5,8	11,1	91%
% Ebit Adjusted / Ricavi complessivi	14,5%	12,2%		14,0%	14,5%	
Utile netto	2,0	2,6	31%	2,6	4,4	68%
% Utile netto / Ricavi complessivi	5,7%	4,6%		6,3%	5,7%	
Utile netto Adjusted	3,3	4,8	45%	3,9	7,9	103%
% Utile netto Adjusted / Ricavi complessivi	9,6%	8,5%		9,4%	10,4%	

* I dati Adjusted sono riclassificati senza tener conto degli ammortamenti delle differenze di consolidamento.

Indicatori Patrimoniali	31.12.21	31.12.22	D
Patrimonio Netto	16,4	26,8	63%
Posizione Finanziaria Netta	-3,1	14,4	n.s.

The breakdown of revenue performance in the two business units as at 31.12.2022 and 31.12.2021 (pro forma) is shown below:

Suddivisione dei Ricavi di Gruppo

valori in mln di euro	31.12.21	31.12.22	Differenza
<u>dati pro forma</u>			
TOTALE RICAVI	41,4	76,6	85%
Ricavi Demand Generation	25,0	40,4	61%
	60%	53%	
Ricavi Advisory	16,4	36,3	121%
	40%	47%	



Revenue growth was recorded in both business units, although more markedly in Advisory, a division in which the largest acquisitions were recorded in value terms in addition to organic growth.

The acquisitions made in 2022, of which the Methodos Group, Meridiana and Cryptonet (which will be described in more detail below) undoubtedly represent the most significant part by value, contribute to shifting the weight of advisory revenues from 40% to 47% of the total.

Annual Recurring Revenue from subscription-based services (Annual Recurring Revenue) of Digital-As-A-Service, amounted to approximately EUR 17 million as at 31 December 2022, up more than 60% from the 2021 'adjusted' figure of EUR 10.5 million (the adjustment reclassified some revenues that were not considered recurring last year).

New acquisitions contributed about EUR 4 million to the growth.

The annual recurring revenues therefore make up about 20% of the Group's pro-forma revenues.

These subscription services represent the tip of the iceberg of the strategic infrastructure developed in recent years by DIGITAL360 thanks to the continuous investments made, which is opening up a true Blue Ocean for the Group, consisting of an innovative, unique offer aimed at supporting small and medium-sized Italian companies in their digital transformation path. Italian SMEs, in fact, despite representing the heart of Italy's economic-productive fabric, are still far behind in this modernisation path, partly because the traditional offer of consultancy and software services clashes with their lower digital culture, lack of specific skills, and very high fragmentation and dispersion throughout the country.

The new strategic space identified by DIGITAL360, its Blue Ocean, seeks to address precisely these shortcomings, innovatively interpreting three neighbouring markets: that of consulting to SMEs for digital transformation, that of software as a service (SAAS) packages to support digital transformation, and that of online portals and digital content.

DIGITAL360 has developed an innovative business model that enables: (i) simplify the advisory services for digital transformation offered to SMEs, through the engineering of know-how developed by working together with large companies in custom projects and the development of standard packages offered on a subscription basis (digital as-a-service); (ii) integrate these advisory packages with as-a-service software platforms specifically designed to support them and make their delivery to SMEs effective and efficient; (iii) exploiting the online portals and digital content of the DIGITAL360 Network as a powerful go-to-market channel towards SMEs; it is the entrepreneurs themselves, their managers, who come to the Network's



portals optimally positioned on search engines and social networks, and who, appropriately profiled, are then contacted for the offer of services.

Main events of the reporting period

We report here the main events that occurred in the first half of 2022, grouped in the following paragraphs:

- investments;
- acquisitions;
- financing;
- Benefit companies and Sustainability Report;
- other events.

Investments

The value of the total expenditure for investments in innovation and facilities incurred on a like-for-like basis during 2022 amounted to EUR 4.0 million, mainly consisting of intangible assets. The main expenditure was incurred for investments in technological innovation and the development of new digital services.

Below are the main investments, aggregated at the level of:

- Business Unit Demand Generation;
- Business Unit Advisory&Coaching;
- Corporate Structure.

Investment Business Unit Demand Generation

- **The Spaceconomy360** portal was launched in March 2022 and focuses on the 'space economy' market with specific insights into connectivity, infrastructure and applications beyond the boundaries of terrestrial use cases.
- Development of the Techflix360 portal; the development of the Techflix360 portal, which aggregates the more than 1,000 webcasts and whitepapers produced over the last few years within the Demand Generation BU, was started. Visitors to the portal will be able to access these contents by searching them by topic, category or tech company, and a specially developed algorithm will make it possible



to propose content in line with their interests. It will also be possible to create vertical channels for individual tech companies, which can be offered on a subscription basis.

- Development of the **CRM and marketing automation platform for FPA**; during 2022, a major migration of the subsidiary FPA's CRM (from Sugar CRM to Salesforce) was completed and the marketing automation platform Hubspot, already used for the management of other portals of the Digital360 Network, was implemented. The two platforms - Salesforce and Hubspot - were integrated with other applications in use, including Mailchimp, Google Analytics, Ungerboek, etc.
- Experiments with the **use of Artificial Intelligence for the automated drafting of articles**; various platforms on the market were analysed and tested, in particular those based on ChatGPT, to experiment with the drafting of articles on the Network's newspapers using Artificial Intelligence.
- **Engineering of processes related to the Digital Marketing & Sales Engine**; in 2022, the development and engineering of processes supporting the delivery of Digital Marketing & Sales Engine services continued. In particular, pre-sales, sales and service delivery processes were further automated, specific tools were developed to support the management of the various activities, and indicator dashboards were developed to monitor performance.
- **Development of the Event360 platform**; the development of an innovative platform for the management and delivery of online events and webinars continued, which will be used both by DIGITAL360 group companies for the delivery of their digital events and by customers in self-service mode. The platform is based on scalable AWS technology and integrates the following main components: registration management module, with the possibility for the user to create their own customised agenda; streaming module for the online delivery of the event; back office platform for the management of the event, integrated with the other applications currently used (e.g. CRM, CMS etc.).

Business unit investments Advisory&Coaching

- Launch of the service '**Support for compliance with the DORA (Digital Operational Resilience Act) Regulation**' through which credit institutions and financial companies will be supported in the process of adapting to the European regulation that aims to strengthen the cybersecurity of the banking and financial ecosystem.
- Launch of the service '**Adaptation to the National Cybersecurity Perimeter and Compliance Management**' that focuses on supporting the process of adaptation and management of regulatory



compliance with a special focus on the cybersecurity certification process of Information and Communication Technology (ICT) products, services and processes.

- Elaboration and launch of the multi-practice and multi-disciplinary '**Cloud Transformation**' service, which, by exploiting DIGITAL360's legal, IT-Governance and cybersecurity expertise, aims to propose to public and private companies a cloud migration project model based on a strategic approach that aims to implement all the main corporate dimensions impacted by the cloud (organisation and processes, financial management, application modernisation, legal & compliance, security).
- Launch of the '**Patient Experience framework**' service, which aims to support the digitisation of services in the health sector, with particular reference to the creation of new methods of data exchange between hospital and territorial structures, on the one hand, and patients, on the other, where digital leverage is fundamental for the detection of key metrics, the collection and integration of different types of information and the automation of procedures and processes.

Corporate Investments

- Development of dashboards **for the analysis of the Network's KPIs and the creation of EDWH (EnterpriseDataWareHouse)**; work continued on the development of indicator dashboards that make it possible to greatly improve the information content of the Network's KPIs, monitoring and analysing their dynamics. Specifically, a number of dashboards were developed to facilitate the monitoring of the performance of customer campaigns and to allow editorial offices to check the number of conversions generated by each piece of content. More generally, the development of an Enterprise DataWareHouse has begun. The solution will make it possible to manage data from different sources to be interpreted by business intelligence applications. Data security measures will be implemented, thus enabling a wider deployment of business intelligence in an increasingly data-driven group.
- **HR system** upgrade; a project has started that will lead to a complete upgrade of the corporate HR system, enriching it with new functionalities and processes. Dedicated business intelligence will be available, enabling reporting and statistics. Finally, the new system will allow for integrations with other systems.
- Experimentation of **Robotic Process Automation (RPA)**; a robot capable of automated validation of CRM contacts was implemented. In addition, a portal monitoring solution was implemented with



real-time alert functions to automatically highlight security, regulatory compliance, SEO and user experience issues, with the creation of dedicated monitoring dashboards.

- Development of the **Project Management Information System**; development of a system (called TaskPro360) aimed at supporting the economic and executive management of projects began. The application was modelled in order to build a database of managed projects that would make it easy for all project managers to take them back and re-use them as a template for new work.
- **Supplier database for events**; an application was purchased to have on a single database the main suppliers used in events, enriching their master data with useful contacts, photos, internal evaluations and other useful information for the DIGITAL360 group. It is expected to preserve within the group the experience gained with suppliers and to shorten the search time when organising a new event.
- Launch of the **27001 Certification** project; a project has begun that will lead the various Group companies (starting with ICT&Strategy) to achieve ISO 27001 Certification. The project involves the complete overhaul of processes, policies and procedures and represents an interesting opportunity for the group to strengthen itself internally, with positive repercussions on its quality and market perception.
- An **internationalisation project in the P.A. sphere**; through the subsidiary ICTLAB, a path was undertaken to develop services abroad, in European countries, also thanks to funding from P.A. bodies, to improve the use of cultural content within museums and cultural institutions; the starting prototype uses touchless technology, which allows for an improved experience of knowledge and in-depth examination of the history and evolution of frescoes and works of art. The initiative was launched with the organisation of webinars with 40 local companies and, linked to this, an action to develop an e-commerce model.
- Development of the **HI platform**, a habit-inspiring platform; HI is a digital coach for people working in the company, able to support users simultaneously in building, maintaining and reinforcing a new way of working. HI guides users on a path to change their digital (and non-digital) habits, enabling new ways of working based on flexibility, accessibility and an increasingly fluid integration between personal and private life. By integrating the principles of *nudging* with the potential of artificial intelligence, the platform accompanies people along a complete path of behavioural change by



acting in a personalised contextual and on-the-job manner. In this way, users can gain concrete insight into the best behaviours to make their smart work experience truly optimal.

In addition to what will be discussed below with regard to the acquisitions made during the year, DIGITAL360 made investments during the year to develop its operations in Spain and Latam.

In 2022, two new companies were established: Digital360 Iberia S.L. in Spain and Digixem360 S.r.l. in Italy, whose purpose is to acquire and govern (directly or through subsidiaries) the participations acquired in Spanish companies and in the Latam area.

As anticipated in the initial part of the report, the expansion project in Italy and abroad has evidently also had the effect of significantly strengthening the Group's structure and focusing resources and efforts not only on acquisitions, but also in the organisation of the embryonic phases relating to the necessary integration that follows (commercial, cultural, processes), with the effect of slowing down - albeit modestly - the Group's organic growth.

Therefore, in order to be in the best organisational conditions to take advantage of the opportunities that arise in these markets, DIGITAL360 has, since the beginning of the year, been working with several executives with long international experience, with a focus in particular on the Latam and Spain area, and a strong specialisation in ICT, innovation and digital marketing and M&A, to guarantee a strong managerial and cultural supervision of the expansion in the countries entered.

Acquisitions

- In January 2022, DIGITAL360 signed a binding agreement for the acquisition (finalised at the end of the year) of a 51% stake in **EMPREDIMIENTOS AEREOS S.R.L. ('XONA')**, a marketing agency based in Buenos Aires, with a specific focus on the *Tech* market. XONA. The company closed the financial year with 2.3 million revenue and 0.1 million Ebitda.
- Also in January 2022, DIGITAL360 finalised the acquisition of a 75% stake in the company **Corecube S.r.l. ("Corecube")**, which specialises in designing training courses for professionals who also need to update their skills in accordance with the obligations of their orders. The entry into the capital of Corecube makes it possible to expand DIGITAL360's offer of microlearning services dedicated to the development and updating of skills and aptitudes, with particular reference to digital skills, of employees of companies and public administrations.



- In February, DIGITAL360 acquired a 51% stake in **Digital Sales S.r.l.**, a start-up company specialising in digital solutions to support B2B marketing and sales (MarTech and SalesTech), and one of Italy's leading experts in this field. With the entry of Digital Sales into DIGITAL360 there is thus a strengthening and expansion of the services offered to B2B companies for the digitalisation of all marketing and sales activities: from online positioning to the interception of online buyers, from the generation of leads to the management of all sales force prospects.
- In April, DIGITAL360 finalised the purchase of a 25.5% share in ICT LAB **PA S.r.l.** ("ICT LAB"), in which it had already acquired an initial 25.5% stake in October 2021, thus becoming the majority shareholder. ICT LAB, which offers consultancy services aimed at accompanying the innovation paths of Public Administrations (PAs) and closed its 2022 financial year with excellent results, a value of production of EUR 2.7 million, up by almost 70% compared to the previous year, and an EBITDA of EUR 0.9 million, double the 2021 figure. The acquisition of the majority stake in ICT LAB takes place in a context of great market opportunities, thanks to the significant public investments expected from the PNRR, which will enable a profound digital transformation of the Italian public administration.
- In June, DIGITAL360 acquired, through its Spanish subsidiary Digital360 Iberia S.L., a 70% stake in the Madrid-based company **Business Publications Spain S.L.** (BPS). BPS is a company specialising in the production of content on digital innovation and information and communication technologies (ICT) and owns a number of portals that represent an important reference in Spain for managers, entrepreneurs and professionals dealing with these issues from a professional point of view. BPS closed its 2022 financial statements with EUR 1.4 million in revenues and around EUR 0.16 million in Ebitda, consolidated - like all those acquired during the year - pro rata temporis from the time of acquisition.
- Also in June 2022, DIGITAL360 S.p.A. acquired a 35.3% stake in the company **Del Monte & Partners Comunicazione s.r.l.** ("Del Monte"). Delmonte is a company specialising in digital solutions to support B2B marketing and sales (MarTech and SalesTech), one of Hubspot's first Italian partners. With Del Monte's entry into DIGITAL360, the largest Italian hub focused on Martech and Salestech B2b based on the Hubspot platform is born, significantly strengthening the entrepreneurial team of DIGITAL360's Martech and Salestech area. The company posted revenue of EUR 1m in 2021, with a positive Ebitda of EUR 0.1m and a NFP of EUR 0.5m (debt). Del Monte is controlled by virtue of agreements between the parties that allow DIGITAL360 to exercise a dominant influence over the company.



- In July, DIGITAL360 S.p.A. acquired 51% of the **Methodos Group**. Methodos is a historic company with a well-known brand and a prominent position in organisational consultancy, with particular reference to the management of organisational and cultural change in companies. Founded in 1979 in Milan, Methodos has recently expanded its business perimeter through its subsidiaries Digital Attitude and Accompany, which are active in the market of software platforms supporting behavioural changes (Digital Coach and Digital Adoption Platform) and in supporting digital transformation, respectively. With this acquisition DIGITAL360 expands its presence in the advisory market, also based on technology platforms (so-called Consultech), to support organisational change and digital transformation in organisations, a market that is growing strongly due also to the impetus given by the pandemic and post-emergency economic recovery and renewal plans (PNRR). The acquisition of Methodos will also help accelerate the growth path of the most innovative subscription-based consulting services, which are strongly based on the use of proprietary technology platforms (Consultech). In 2022, the Methodos Group generated revenues of approximately EUR 9.0 million and EBITDA of approximately EUR 1.7 million.
- In July, the acquisition of 75% of the company CryptoNet **Labs s.r.l.** ('CryptoNet') was finalised. CryptoNet operates in the field of active and passive systems for cybersecurity, with an offering that includes services, consulting, and technological platforms for monitoring and defending corporate data and information. Thanks to this acquisition, a service centre dedicated to cybersecurity is established in DIGITAL360, with half of its turnover consisting of recurring revenue (Annual Recurrent Revenue). In particular, with the acquisition of CryptoNet, DIGITAL360 strengthens its more innovative, subscription-based consulting services based on as-a-service software platforms ('Consultech'). CryptoNet achieved revenues of approximately EUR 2.9 million in 2022 with an EBITDA of approximately EUR 1.3 million.
- In September, DIGITAL360 entered Colombia with the acquisition of 51% of the company X3 MEDIA **S.A.S.** ('X3 Media'), an agency specialising in Martech and Salestech based in Bogotá, platinum partner of Hubspot (leading software company in the MarTech world and listed on the Nasdaq). The company ended the financial year 2022 with 0.35 million in revenue and a small EBITDA of 20,000 euro, but with excellent growth prospects.
- In November, the company **Meridiana Italia s.r.l.** ("Meridiana") was acquired for 51%. Meridiana operates in the field of specialised services for the Public Administration ("PA"), supporting bodies and institutions in the management of European programmes on national and EU territory. The acquisition of Meridiana strengthens the presence of DIGITAL360 in the world of consulting services



supporting innovation and digital transformation of PA, an area already covered by the Group through the companies FPA, ICT LAB PA and some practices of Partners4Innovation. Meridiana's entry into the DIGITAL360 Group allows Meridiana to pursue more quickly a twofold objective: to seize the opportunity of a fast-growing market, thanks also to the important financial resources arrived through the PNRR, and to provide its own contribution to the transformation and renewal of the PA, a goal of extraordinary importance for the entire country. Meridiana closed the financial statements as at 31 December 2022 with a value of production of 5.95 million euro, an Ebitda of 1.4 million euro, also consolidated pro rata temporis in the reported figures.

- November saw the finalisation of the acquisition of 51% of Inside **comunicazione S.r.l.** ("Inside"), a communications agency that over the years has specialised in digital solutions to support B2B marketing (MarTech). In addition to a team specialising in digital communication and marketing, Inside brings with it a broad client base, ranging from the manufacturing sector to large-scale retail trade, from fashion to utilities and the medical sector. Inside's entry will thus strengthen the DIGITAL360 Group's positioning in these sectors, accelerating its strategy of creating a leading B2B digital marketing & sales hub. Inside ended 2022 with revenues of EUR 3.6 million and an Ebitda of EUR 1.05 million.
- It also follows in November the 51% of Impacto **Tic S.A.S.** ("**Impacto Tic**") in Colombia, publisher of the reference portal in Colombia on topics related to information and communication technologies and digital innovation, founded in 2018 and directed by one of the best-known journalists in the world of technologies and digital transformation in the country. Impacto accounts for revenues in 2022 of EUR 0.3 million, and an ebitda of EUR 40,000.
- On the same day, DIGITAL360 entered the Mexican market with the acquisition of 51% of Netmedia **SA** ('Netmedia'). Netmedia is the leading online publisher of content in the field of information and communication technologies and digital transformation in Mexico and is also a well-known company in the entire LATAM basin. The company boasts a unique team of journalism, communication and digital media professionals, and has built a select, participative and influential community of readers, with whom it maintains a permanent dialogue both through its digital publishing assets (websites and newsletters) and by organising numerous events that have now become a regular fixture for the main players in the technology sector. It accounts for revenues of EUR 1.1 million and an EBITDA of EUR 0.3 million in 2022.
- November ended with the acquisition of the entire share capital of SmartOperations **S.r.l.** ('SmartOperations'), an advisory company that uses Data Science as a Service (DSaaS), boasts a close



connection with the industrial engineering department of the University of Florence, and is already well established in the production fabric of central Italy. It develops technical solutions, including algorithms and prototypes, to support clients on their path towards innovation, Industry 4.0 and digital transformation in general. The acquisition aims to strengthen the Industry 4.0 practice already existing within the Advisory business unit. The company ended the financial year 2022 with EUR 0.4 million in revenue and an Ebitda of just above break-even (EUR 30,000).

- In December, DIGITAL360 did the encore in Mexico, acquiring 51% of **Zubialink Enterprises, S.A.** ('Zubia') based in Mexico City, a digital marketing agency, partner Hubspot and specialising in Martech and Salestech. It supports its B2B clients (technology companies in particular) in the design and execution of plans aimed at generating new business opportunities and thus increasing sales. The company also offers consulting services for the digital transformation of marketing, sales and customer care processes through the integration and implementation of technology solutions. Zubia closed its 2022 financial year with EUR 0.9 million in revenue and an Ebitda of EUR 0.1 million.
- Finally, in December, the year's acquisitions came to a close with the 100% acquisition of a very promising small company in Argentina, Ycon SAS ('Ycon') based in Buenos Aires, a company specialising in the production of high-quality editorial content and communication campaigns, which supports its B2B clients in improving their image and commercial positioning in the target market. Ycon currently generates a turnover of approximately EUR 0.15 million.

The following is a summary of the financial outlays incurred in 2022 and related to both transactions concluded in the period and those concluded in the previous year (vendor loan payments), which is useful to understand the financial impact of M&A investments in the period under review.



Elenco spese ed operazioni M&A 2022

Valori in milioni di euro

<u>Mese</u>		<u>Quota acquisita</u>	<u>Valore</u>	<u>Paese</u>
Gennaio	Vendor Loan S.pro	==	625	Italia
	Acq. Corecube	75%	8	Italia
Febbraio	Aggiustamento Prezzo ICT Lab per PFN	primo 25,5%	160	Italia
	Acq. Digital Sales	51%	150	Italia
		<i>e relativa PFN</i>	95	
Aprile	Acq. ICT Lab	secondo 25,5%	375	Italia
		<i>e relativa PFN</i>	242	
	Imageware Vendor loan	==	500	Italia
Maggio	Vendor Loan S.pro	==	625	Italia
Giugno	Vendor loan Innovation Post	==	90	Italia
	Acq. Del Monte	35%	240	Italia
	Acq. BPS Spagna	70%	790	Spagna
Luglio	Acq. Gruppo Methodos	51%	4.043	Italia
	Acq. Cryptonet	75%	6.099	Italia
Settembre	Acq X3 Media	51%	204	Colombia
Ottobre	Imageware Vendor loan	==	500	Italia
	ICT Lab Vendor loan	==	175	Italia
Novembre	Acq. Meridiana	51%	1.999	Italia
	Acq. Inside	51%	1.117	Italia
	Acq. Impacto TIC	51%	214	Colombia
	Acq. Netmedia	51%	529	Messico
	Acq. Smart Operations	100%	336	Italia
Dicembre	Acq. Xona	51%	453	Argentina
	Acq. Zubia	51%	286	Messico
	Ycon/Textualist	100%	130	Argentina/USA
TOTALI			19.984	



Financing

In order to support the acquisition process planned for the year, DIGITAL360 concluded during the year (directly and through its subsidiaries) several medium- and long-term financing contracts (from four to six years in total duration): in addition to Banco BPM and Credem, which financed the Group for a total of EUR 4.8 million, DIGITAL360 signed four financing contracts during the year with Illimity Bank S.p.A, a young Italian bank led by Corrado Passera and listed on the Star segment of the Italian Stock Exchange (now Euronext STAR Milan). The loans with Illimity will provide the Group with an additional EUR 16.5 million to support the aforementioned acquisition programme, which includes the use of the Group's own resources in addition to the use of third-party financial resources.

All loans were granted at variable rates: the company is considering hedging with derivative instruments to minimise the risk of rising interest rates in the future.

Benefit Companies and Sustainability Report

The conversion into a Benefit Corporation in 2021 formally enshrines DIGITAL360's vision of the future: digital innovation seen not only as its business, but also as the main enabler of sustainable and inclusive economic growth, respectful of the environment and resources, and capable of enhancing even the most fragile and marginalised members of society. This vision is the hallmark of our approach to sustainability, well described in the first **Sustainability Report** published in 2022 (referring to the financial year 2021). This year, DIGITAL360 also filed **its first Impact Report** together with the 2022 Consolidated Annual Report.

Among the many projects implemented in this field, it is worth highlighting those supporting the digitalisation and management of digital channels of some third sector organisations (e.g. Banco Alimentare, City Angels, Croce Viola, Telefono Azzurro, Autlab, Cooperativa Atacama) and those aimed at including fragile and/or marginalised categories of people - young people who neither work nor study (the so-called NEETs), prisoners, people with disabilities - in the digital world of work, in cooperation with some reference associations (Caritas Ambrosiana, Fondazione S Carlo, Fondazione Cucciolo Onlus, Sesta Opera S Fedele, GAD, Adelante Dolmen).



Other Events

Conversion of the Convertible Bond 2017 - 2022

On 31 May 2022, the fifth and last of the periods envisaged for the exercise of the convertible bonds relating to the bond issued for an original amount of EUR 2 million in 2017 and named "DIGITAL360 CONVERTIBLE 4.5% 2017 - 2022" closed, as provided for in the relevant regulation. At the end of this period, 661 convertible bonds of the 687 remaining were exercised for a nominal value of EUR 1,057,600.00 and 661,000 shares were consequently assigned.

The unconverted residue of the 26 bonds, with a nominal value of EUR 41,600.00, was reimbursed to the bondholders as provided for in the loan regulations.

Thus, at the end of the five-year term of the Loan, 98% of the bonds issued were converted into shares; the conversion in the latter period allowed holders, in addition to the coupon yield of 4.5% per annum, an overall capital gain, for the entire period, of almost 300%.

Buy Back

In April last year, the Shareholders' Meeting approved the proposal for the purchase and disposal of treasury shares submitted by the Board of Directors.

The purpose of this resolution was to allow the Company to purchase and dispose of its own shares for the following purposes:

- meet obligations arising from debt instruments convertible into equity instruments; or
- purchase treasury shares from the beneficiaries of any incentive plans resolved by the competent corporate bodies, whether present or future; or
- meet the need to support the liquidity of the shares themselves so as to facilitate the smooth conduct of trading in accordance with the market practices in force at the time identified by the Supervisory Authority; or
- to dispose of and/or use treasury shares, in accordance with the strategic lines that the Company intends to pursue, within the scope of extraordinary transactions, including, by way of example but not limited to, exchange, swap, contribution or at the service of capital transactions, as well as within the scope of exchange and/or sale transactions of shareholdings, companies or company branches and/or for the conclusion of commercial and/or strategic alliances or for other uses deemed to be of financial and/or management interest for the Company; or



- use the shares as consideration in extraordinary transactions, including those involving the exchange of shareholdings, with other parties in the context of transactions of interest to the Company itself in accordance with current market practices identified by the Supervisory Authority;
- where necessary, reduce the share capital.

The authorisation, which is valid for 18 months and thus expires in the second half of 2022, was granted in order to give the Board of Directors the power to purchase, in one or more *tranches*, in an amount freely determinable by the Board, up to a maximum total amount of EUR 1,500,000 and up to a maximum number of shares not exceeding 3% of the share capital (taking into account the shares already in the company's portfolio).

During 2022, the company purchased 85,942 treasury shares for a countervalue of €373,703.59, at a weighted average price of €4.35 per share. Part of the shares acquired were used to pay for the shares of the company SmartOperations mentioned above. As of 31 December 2022, the company held a total of 135,653 treasury shares equal to 0.66% of the share capital, with an average carrying price of Euro 3.33.

Stock performance and minimum trading lot

The stock closed the last trading day of 2022 at a price of €4.33, down around 12% compared to the values at the beginning of January, but performing slightly better than the FTSE ITALIA Growth Index (which lost around 20% during the period). In general, the stock was affected by the scenario of uncertainty mentioned at the beginning of the report and largely connected to the macroeconomic expectations of the period and the outbreak of the conflict between Russia and Ukraine, which characterised the stock markets during the year. At the time of writing, the stock benefited from significant increases, even after the announcement to the market on 17 February 2023 of the anticipation of financial results for 2022, rising to values close to EUR 5.

In the ranking of companies listed on the EGM as a whole, irrespective of the year of listing, DIGITAL360 ranks eighth among the absolute best performing stocks from the time of listing to the current values at the time of writing, which testifies to the fact that the significant growth in volumes and results has been largely transferred into value creation and consequent returns for shareholders.





Performance of the DIGITAL360 share from listing (June 2017) to 31.12.22.

Key Balance Sheet and Financial Data

Below is a summary of the main balance sheet figures as of 31 December 2022, compared to those as of 31 December 2021. Some useful comments are provided in the Notes to the Financial Statements to better understand the dynamics of the balance sheet indicators presented.

With reference to the balance sheet figures, unlike the income statement figures, the preparation of the pro-forma figures is not particularly significant since those as of 31 December already represent the new Group boundaries, including in full the balance sheet balances as of 31 December 2022 of the participations acquired during the year up to the date of preparation of the financial statements.

In equity, the result of the subsidiaries achieved prior to the acquisition was deducted from the consolidated group result and allocated to retained earnings (losses). For the sake of clarity, the last column of the table below shows the contribution of the enlarged scope of consolidation to the changes in equity.



Stato Patrimoniale Riclassificato		31.12.2021	31.12.2022	Variaz.	Variaz. %	nuove consolidate
valori in mln di euro						
Immobilizzazioni						
<i>Attività materiali</i>		0,6	1,2	0,6	96%	0,6
<i>Attività Immateriali</i>		14,3	38,8	24,5	171%	2,9
<i>Attività finanziarie</i>		1,3	1,9	0,6	44%	0,5
Totale Immobilizzazioni	A	16,3	41,9	25,6	158%	3,9
Capitale Circolante Netto (CCN)						
<i>Crediti commerciali</i>		13,8	26,3	12,5	90%	10,0
<i>Debiti commerciali</i>		-6,7	-10,8	-4,1	62%	-3,2
<i>Altre attività / passività</i>		-7,7	-11,8	-4,2	54%	-1,5
Totale Capitale Circolante Netto (CCN)	B	-0,5	3,7	4,2	-816%	5,4
Capitale Netto Investito (CNI)	A+B	15,8	45,6	29,8	189%	9,3
Mezzi propri e mezzi terzi						
<i>Patrimonio Netto</i>		16,4	26,8	10,4	64%	9,5
<i>Posizione Finanziaria Netta</i>		-3,1	14,4	17,5	-563%	-1,8
<i>Altri fondi</i>		2,5	4,4	1,9	79%	1,7
Totale mezzi propri e mezzi terzi		15,8	45,6	29,8	189%	9,3

The value of fixed assets showed a significant increase substantially due to the inclusion of the new companies acquired during the year and the goodwill paid: in particular, the value of this asset amounted to Euro 29.9 million as at 31.12.2022, compared to Euro 9.3 million in the previous year.

Thus, the overall increase in fixed assets of EUR 25.6 million can be attributed to: i) investments in innovation during the period of EUR 4.0 million, ii) increase in consolidation differences (gross) following the aforementioned acquisitions during the period of EUR 22.8 million, iii) increase in the scope of consolidation of EUR 3.9 million, and iv) amortisation and depreciation for the period of EUR 5.0 million, of which EUR 2.2 million related to consolidation differences (goodwill).

It should be noted that the amortisation of consolidation differences, like the other income components of the balance sheet, has also been accounted for pro rata temporis according to the period of ownership of the participations.

Approximately two-thirds of the total value of fixed assets is accounted for by consolidation differences; the remainder is mainly attributable to investments in R&D, technological development and the launch of new services on the market that have been or are being realised, as mentioned above.

In particular, the overall change in fixed assets during the year can be summarised as follows:



Valori in mln di euro

Immobilizzazioni al 31/12/2021	16,3
Investimenti in innovazione e strutture 2022	4,0
Incrementi diff. di consolidamento	22,8
Delta perimetro	3,9
Ammortamenti diff. Consolidamento	-2,2
Ammortamenti altri immobilizzi	-2,8
Immobilizzazioni al 31/12/2022	41,9

The total investment paid for equity investments in the period, including the payment of vendor loan tranches from previous transactions, amounted to EUR 20.0 million.

A special mention should be made of fixed assets in financial assets: these essentially consist of minority interests in other companies - the legacy of previous investment activity in digital start-ups. As also anticipated in the reports on previous years, for some investee companies, extraordinary transactions have recently taken place, consisting of capital increases and/or the entry of industrial partners in the share capital, which suggest that the current balance sheet values, measured at historical cost, may include some significant 'value reserves'. An initial assessment of the fair value of these assets would lead to a valuation of the portfolio that would certainly be higher than the current book value.

With reference to one of these shareholdings, Sata Applicazione Tecnologie Avanzate S.r.l. ("Sata"), in November, following the exercise of a call option by Credemtel (Credem Group) held for the purchase of the residual stake in the company already majority owned, DIGITAL360 sold its entire residual shareholding, for a nominal €3.800 approx., equal to about 3.08% of Sata's share capital, at a price of €113,000, generating a capital gain of over €100,000.

Details of minority interests can be found in the notes to the financial statements.

Trade receivables increased by 90% compared to 31/12/2021, but a large part of this increase is attributable to the change in perimeter. At constant perimeter, the increase is worth only EUR 2.5 million, or +18%, a value consistent with the organic growth in turnover, although with a slight deterioration in payment terms.

The increase in receivables is counterbalanced by the increase in trade payables, 80% of which is attributable to the enlargement of the consolidation perimeter, and the remainder (+14% on a like-for-like basis) to the increase in expenses accompanying the higher volumes of services sold.



Other working capital assets and liabilities, which saw an increase in net payables of €4.2 million, were affected by three phenomena: (i) the change in the scope of consolidation, with the inclusion of assets and liabilities (in particular net liabilities) of the companies acquired in the amount of €1.5 million (ii) the decrease in 2021 *vendor loans* (payables), paid in 2022, for the settlement of the tranches contractually due on the acquisitions made during the past financial years and which amounted to a total of €2.6 million and (iii) the increase in vendor loans (payables), for the deferred payment portion relating to the companies acquired in 2022, and amounting to approximately €7 million.

Details of the individual items and their changes can be found in the Notes to the Financial Statements.

As far as the Group's Net Financial Position is concerned, this is essentially conditioned by the company's intensive acquisition programme, which, in addition to its own means, also employed third-party financial means, and is summarised in the following table:

Posizione Finanziaria Netta Consolidata al 31.12.22 e al 31.12.21

valori in mln di euro	<u>31.12.21</u>	<u>31.12.22</u>
Indebitamento bancario netto	-4,2	14,4
Debiti Verso Obbligazionisti	1,1	0,0
TOTALE POSIZIONE FINANZIARIA NETTA	-3,1	14,4

Net bank debt of EUR 14.4 million resulted as the positive balance (credit) between net cash on bank accounts and other financial assets totalling approximately EUR 13.8 million, and medium- and long-term loans taken out to support the Group's investments in the second half of the year, and amounting to EUR 28.2 million at year-end.

At the end of the year, the short-term credit lines, which are still fully available, were not utilised, and the available liquidity is partly still usable for the Group's growth projects.

Also with reference to the NFP, it should be noted that during the year (June 2022) the last tranche of the conversion exercise of the residual portion of the convertible bond (POC) issued by the company at the IPO was exercised. The remaining portion of €1.1 million was converted practically in full given the more than



favourable conversion ratio of €1.60 per share; redemptions amounted to only €41,000.

The components that generated the net improvement in NFP can be summarised as follows:

PFN al 31.12.2021	-3,1
Cash flow della gestione operativa	3,6
Investimenti in Innovazione	-4,0
Spesa per acquisizioni (M&A)	-20,0
Modifica del perimetro di consolidamento	1,8
Conversione in capitale del prestito obbligazionario	1,1
Tot Variazioni 2022	-17,5
PFN al 31.12.2022	14,4

Operating cash flow generation in the year amounted to EUR 3.6 million, which was entirely absorbed by investments to drive the Group's innovation (R&D, development of technology platforms, launch of new digital services).

Dividends were paid during the period by the companies within the perimeter.

Related Party Transactions

During the period, transactions with related parties were conducted at normal market conditions and in the interest of the company and the Group.

Economic transactions mainly relate to relations of a commercial nature, defined on the basis of market conditions similar to those for transactions with third parties, and mainly refer to transactions deriving from the provision of services of a technological, administrative, financial and commercial nature.



As of 31 December 2022, DIGITAL360 S.p.A. directly and indirectly controlled the following companies:

DIGITAL360 S.p.A.	Via Copernico, 38 - Milano	
ICTandStrategy S.r.l.	Via Copernico, 38 – Milano	100%
Partners4Innovation S.r.l.	Via Copernico, 38 – Milano	100%
FPA S.r.l.	Via Ostiense, 92 – Roma	100%
ServicePro S.r.l.	Via Mazzini, 5 - Cernusco Sul Naviglio (MI)	100%
CT Mobi S.r.l.	Via G.F. Ingrassia 22 - Catania	100%
Imageware S.r.l.	Via Moretto da Brescia, 22 – Milano	51%
ICTLAB PA S.r.l.	Viale Europa, 140 – Roma	51%
Core Cube S.r.l.	Via Copernico, 38 – Milano	75%
Digital Sales s.r.l.	Via Salvatore Cutroni, 28 – Barcellona Pozzo di Gotto	51%
Del Monte & Partners Comunicazione s.r.l.	Piazza Cavour, 3 - Milano	35,3%*
Cryptonet Labs S.r.l.	Via A. Bertani 6 - Milano	75%
Methodos Group S.p.A.	Via G. Mellerio 3 - Milano	100%
Methodos S.p.A.	Via G. Mellerio 3 - Milano	51%
Accompany S.r.l.	Via G. Mellerio 3 - Milano	51%
Digital Attitude S.r.l.	Via G. Mellerio 3 - Milano	51%
Meridiana Italia S.r.l.	Via dell'Edilizia 4/D - Potenza	51%
Inside Comunicazione S.r.l.	Via Darsena 67 - Ferrara	51%
Smart Operations S.r.l.	Via Madonna del Piano 6 - Sesto Fiorentino (FI)	100%
Digital360 Iberia S.L.	Alcala, 93 – Madrid, Spagna	100%
Business Publications Spain S.L.	Camino de Valdenigrales, 6 - Pozuelo de Alarcón, Madrid	70%
Digixem S.r.l. **	Via Copernico, 38 – Milano	100%
IMPACTO TIC SAS	Bogotá, Colombia	51%
Netmedia SA	Città del Messico, Messico	51%
X3 MEDIA SAS	Bogotá, Colombia	51%
XONA SA	Buenos Aires, Argentina	51%
XD business Solutions	Montevideo, Uruguay	51%
Zubialink enterprises SA	Città del Messico, Messico	51%
Ycon SA	Buenos Aires, Argentina	100%
Texualist LLC		100%
Rometa SA	Montevideo, Uruguay	100%



The following table, prepared on the basis of the Parent Company's accounting data, shows the main intercompany transactions of an equity nature existing between DIGITAL360 and Group companies as at 31 December 2022.

Credits

Voce	Crediti vs. controllate finanziari	Crediti vs. controllate commerciali	Crediti vs. controllate per Iva di gruppo	Crediti vs. controllate per consolidato fiscale	Fatture da emettere intercompany	Totale
P4I			632.972	404.236	736.984	1.774.192
ICT		2.260.084	368.113		(2.351)	2.625.846
SERVICEPRO		482.415		119.625	288.143	890.183
IMAGEWARE		13.725				13.725
CT MOBI		65.880			12.522	78.402
CORE CUBE	121.253	18.300				139.553
DIGIXEM	1.630.000					1.630.000
METHODOS GROUP		15.250				15.250
DIGITAL SALES		3.050				3.050
DEL MONTE		9.150				9.150
MERIDIANA		3.050				3.050
CRYPTONET		18.300				18.300
FPA		136.291		82.836	141.664	360.791
TOTALE	1.751.253	3.025.495	1.001.085	606.697	1.176.962	7.561.492

Debts

Voce	Debiti vs. controllate finanziari	Debiti vs. controllate commerciali	Debiti vs. controllate per Iva di gruppo	Debiti vs. controllate per consolidato fiscale	Fatture da ricevere intercompany	Totale
P4I	(58.532)	(2.459.405)		(560.710)	(145.766)	(3.224.413)
ICT		(13.665)		(40.126)	(496.753)	(550.544)
SERVICEPRO	(4.098.379)			(195.395)		(4.293.774)
IMAGEWARE	(1.507.151)					(1.507.151)
CT MOBI		(147.074)			(19.423)	(166.497)
DIGIXEM					(28.900)	(28.900)
METHODOS GROUP	(200.274)					(200.274)
METHODOS SPA	(300.427)	(15.373)				(315.800)
DIGITAL SALES					(10.000)	(10.000)
ICT LAB	(602.655)					(602.655)
CRYPTONET	(1.504.767)					(1.504.767)
FPA	(501.562)		(19.356)	(115.232)	(5.300)	(641.450)
TOTALE	(8.773.747)	(2.635.517)	(19.356)	(911.463)	(706.142)	(13.046.225)



Costs and revenues

Voce	Ricavi servizi intercompany	costi servizi intercompany	Interessi attivi vs gruppo	Interessi passivi vs gruppo	Totale
P4I	2.425.857	(297.135)		(622)	2.128.100
ICT	3.934.083	(482.885)			3.451.198
SERVICEPRO	623.570			(44.013)	579.557
IMAGEWARE	15.000			(7.151)	7.849
CT MOBI	62.522	(163.199)			(100.677)
CORE CUBE	15.000		1.253		16.253
DIGIXEM		(28.900)			(28.900)
METHODOS GROUP	12.500			(274)	12.226
METHODOS SPA		(12.601)		(427)	(13.028)
DIGITAL SALES	10.000	(10.000)			0
ICT LAB	11.667			(2.655)	9.012
DEL MONTE	7.500				7.500
MERIDIANA	2.500				2.500
CRYPTONET	15.000			(4.767)	10.233
FPA	560.205	(5.300)		(1.562)	553.343
TOTALE	7.695.404	(1.000.020)	1.253	(61.471)	6.635.166

Revenues earned by the parent company DIGITAL360 S.p.a. for services rendered to subsidiaries refer almost entirely to services rendered as operating parent company and specifically to (i) general services of Administration Finance and Control, Personnel Management, Legal Affairs; (ii) technological support for the development of online portals, technological platforms and software for the digitalisation of internal processes; (iii) strategic and market analyses conducted for the definition of development plans of subsidiaries and for the launch of new services.

Interest income and expenses refer to intra-group loans between the Parent Company and affiliated companies settled at normal market conditions.

Environmental and personnel information

Given the company's specific activity, there are no significant elements: no damage caused to the environment, no inherent sanctions or charges. Although their relevance has waned over time, there have been no failures to take the necessary safety measures to contain the effects of the Covid-19 virus, also due to the widespread use of smart working, even after the lockdown, which has made it possible to limit the risk of contagion among the company population.



There were no work-related events that resulted in injuries of any kind to employees, and more generally, relations with staff did not reveal any particular problems.

The table below summarises the number of employees at the end of the two periods:

Qualification	31.12.2021	31.12.2022
Managers	1	5
Quadri	27	46
Employees	190	529
Others (fixed-term employees)	75	91
TOTAL	293	671

The impact of the Group's growth is particularly evident on the number of employees it employs, reaching 671 at the end of the financial year. The increase in resources as at 31 December 2022 compared to the end of the last financial year is more than double, amounting to no less than 378 employees, of which 324 can be attributed to the consolidation of the companies acquired during the financial year and 54 to the growth of the workforce at the same boundaries (+18%). The growth in the workforce testifies to the ability to create real job opportunities even in such a difficult period.

Main risks and uncertainties to which the company is exposed

Risks associated with the sector in which the Company operates

The Digital Innovation market is characterised by a large dimension and is undergoing a strong development phase, as already highlighted in this report, also due to the cultural impulse resulting from the pandemic and the substantial financial resources linked to the PNRR.

This does not detract from the fact that the many factors of uncertainty characterising the macroeconomic scenario may have an impact on DIGITAL360's target market, slowing down some of its growth dynamics, for example.

At present, no significant effects on DIGITAL360's business activities have emerged, just as there are no particularly significant effects on cost and procurement dynamics. Thus, the company is constantly monitoring the situation in order to prepare for any corrective action should the need arise.



We also point out that operating in a highly innovative environment exposes the Group to the risk that innovation and the development of new technologies may not be as rapid as expected: precisely because of this risk, the Group invests significant resources in R&D.

Credit risk in relation to business relations with customers

The Group has a solid portfolio characterised by primary customers that do not give rise to solvency concerns. The value of receivables shown in the balance sheet in any case takes into account the risk of non-collection, with appropriate write-downs. In Italy, the market currently seems to be suffering from a greater lack of liquidity, due both to restrictions on the use of bank money due to increased interest rates, and to the termination of many state subsidies and credit guarantees that, during the Covid period, had encouraged banks to lend money more easily to companies. This phenomenon could generate a slowdown in the average terms of collection on sales, also in light of the Group's growing business with the Public Administration sector, which is not always punctual in payments.

Therefore, it cannot be ruled out that the worsening of the economic and financial picture in our country, also as a result of the elements outlined in this report, may increase the difficulty of collecting receivables with the same timeframe as in 2021. In general, the amount of losses and write-downs of receivables has so far always been characterised by entirely insignificant amounts, not exceeding a few thousand euros per year, which in any case makes the risk in question considered to be very limited overall.

Interest rate risks

It is the Group's policy not to make speculative investments in financial products.

Current financial market conditions are such that a further rise in interest rates is also favoured as monetary policy to counteract the effects of inflation.

As mentioned in the report, the ongoing acquisition plan has resulted in a net debt level of approximately EUR 14.4 million. A large part of the group's mortgages are contracted at variable rates, with the risk that further rises could be reflected in the financial expenses paid.



Exchange rate risks

To date, the Group has operated almost entirely in the euro area. Transactions settled in currencies other than the euro were very limited and related to sales of services abroad. There have been no exchange rate losses to date, and in 2022 the effects were essentially nil.

For the future, on the other hand, the development of business in Latin American countries - where the company has already made six acquisitions in 2022 and another two in the first months of the following financial year - will expose the Group more to possible exchange rate risks between the euro and the currencies of the countries where the acquisitions will be finalised.

In general, it can be said that, as no currency transactions have been settled to date, there was no impact in 2022. On the consolidated balance sheet, the impact of the new acquisitions only had an effect for a few months, as most of the acquisitions in LATAM were finalised towards the end of the year.

For the future, the risk mainly arises from the effect that the economic forecasts of the subsidiaries (made in local currency and transformed at the euro exchange rate forecast in the budgets) may differ from the results achieved, should the exchange rate change differently from what was forecast, even if the budgets in local currency were exactly achieved. The Group aims to implement exchange rate risk monitoring processes in order to implement all possible, if necessary, corrective actions.

Liquidity risks

The Group currently has a bank NFP in debt, but still has a lot of liquidity and several credit lines that have been approved and not used. The financial effort for the acquisitions undertaken during the year and for those planned in the first months of 2023 is very important, but it returns a balance sheet situation that is still overall low in debt and with a leverage ratio (third-party funds compared to total equity plus financial debt) that is still very balanced, with liquidity risks on the whole contained.

Outstanding disputes

There were no disputes outstanding as at 31 December 2022.



Main events after 31/12/2022 and business outlook

The year 2023 began by continuing the development and strong growth action undertaken in 2022, with the acquisition of three more companies, two of which were still in Latin America, and in particular in Chile:

- The acquisition of a 49% stake in **Ergoproject S.r.l.**, a consulting company that operates in the field of user experience, supporting clients in the conception and design processes of products and services - including digital ones - with the aim of improving their accessibility and user experience. Through an activity known as "Human Centred Design", Ergoproject improves the usability of products and services, both digital and physical, optimising their functionality and characteristics, starting from the observation and analysis of the concrete experience of users, their needs, and the social and technological context of reference.
- A majority stake (51%) was acquired in **Editorial Microbyte Ltda ('EMB') and Gruppo Uno a Uno ('One to One')**. These two acquisitions in Chile aim to replicate the Demand Generation model successfully developed in Italy, whereby EMB's digital publishing assets are combined with Uno a Uno's expertise in events organisation and digital marketing services. EMB is the publisher in the digital innovation sector with the best positioning in Chile. In addition to publishing activities, EMB organises events (such as the 'CIO Update') and offers marketing services. EMB in particular is very well positioned in Chile's b2b communities related to information and communication technologies (ICT) and digital innovation in the manufacturing, mining and energy industries, sectors of great importance in the Chilean economy.

The Uno a Uno Group, which has been present in the Chilean market for over 20 years, is made up of 3 agencies, two of which (Uno a Uno and Clue) are very focused on the organisation of presential and virtual events while the third (Tree Digital) is more focused on Digital Marketing. The Group works with major players in the ICT world, as well as other clients of great relevance in the Chilean economy.

EMB recorded revenue in the financial year 2022 of about EUR 0.7 million with an EBITDA of about EUR 0.1 million, while One to One recorded revenue in the financial year 2022 of about EUR 2.1 million with an EBITDA of about EUR 0.2 million

At Group level, in addition to the good sales performance, commercial orders also showed signs of growth compared to 2022, which points to an overall positive trend for the full year 2023 and in line with the forecasts for the current year.

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In general, the year 2023 began with the integration of the acquired entities, in order to make the most of economic, commercial and process synergies, and to continue to ensure the Group's growth in an efficient manner.



APPENDIX 1 - Reference Market and Group Activities

DIGITAL360's entrepreneurial project stems from the awareness that digital innovation is the main driver of economic growth and modernisation for businesses and public administrations. The ongoing health crisis is helping to spread this awareness across all parts of our country: politicians, entrepreneurs, managers, civil servants, etc.

In this scenario, the mission of DIGITAL360, which is to accompany companies and public administrations in understanding and implementing digital innovation by facilitating encounters with the best technology providers and has been enriched with the purposes associated with its status as a Benefit Company, becomes even more important and urgent.

DIGITAL360 achieves this mission through an innovative business model, centred on an ecosystem involving all the main players in the world of Italian innovation: first and foremost, the companies and public administrations that need to invest more and more in digital transformation (tech buyers) and the suppliers of digital technologies, solutions and services (tech companies and start-ups), but also policy makers, institutions, scholars and politicians, who are increasingly understanding the strategic importance of digital innovation.

The Group's activities are divided into two business units that are profoundly innovating their respective markets:

- the 'Demand Generation' Business Unit, which supports digital innovation providers in making themselves known and getting in touch with new customers;
- the 'Advisory&Coaching' Business Unit, which works alongside companies and public administrations to help them in their digital transformation process.

Business Unit 'Demand Generation'

The Demand Generation Business Unit addresses suppliers of digital innovation (over 90,000 in Italy, including vendors, software houses, system integrators, start-ups, etc.), supporting them in marketing and generating business opportunities. Starting from 2022, also thanks to the acquisition of Delmonte & Partners and Inside Comunicazione, the Business Unit has increased its service offering also to companies operating in other B2B supply chains, in particular manufacturing, healthcare and energy.



The Demand Generation Business Unit is based on two service lines:

- Custom Services;
- Martech and Salestech Services

Custom services

This category includes services designed 'ad hoc' and customised on the basis of the specific needs of customers, usually medium to large-sized ones. These are projects, sometimes particularly articulated, that integrate:

- communication services, such as storytelling, content marketing, digital advertising plans, social plans, etc.
- public relations (PR) services
- organisation of physical or digital events, such as round tables and workshops, summits, large conventions, webinars, etc.
- lead generation services, such as profiling, business meeting generation, etc.
- open innovation projects, such as Call4ideas, Hackathons, etc.

The commercial strategy within this area is strongly oriented towards customer accounting, with the aim of positioning itself as the single point of contact for all customer marketing and lead generation activities, thereby maximising up-selling and cross-selling opportunities.

Martech and Salestech Services

The Martech and Salestech services were launched at the end of 2018 with the aim of managing all online marketing and lead generation activities of client companies in an end-to-end logic, integrating DIGITAL360's editorial and technological assets and leveraging its multi-disciplinary expertise.

More precisely, these services allow

- generate an effective continuous flow of communication, integrating storytelling, SEO positioning, social amplification and digital PR for customers, leveraging content marketing based both on DIGITAL360 Network portals (outbound) and on customers' web properties (inbound);
- generate - on an ongoing basis - profiled contacts and concrete sales opportunities, leveraging Marketing Automation and 'gated content', such as white papers, reports, infographics, webinars, accessible to users only through registration.

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Thanks to the acquisitions of Digital Sales and Delmonte & Partners made during the first half of 2022, the offer of this line of services was strengthened and expanded, including, in particular, technological services for the digitalisation of marketing and sales activities of B2b companies, through Marketing Automation and CRM solutions based on the Hubspot software platform. Specifically, services were introduced and enhanced to enable the sales force to effectively use digital solutions, particularly CRM (*sales enablement*), services for analysing and improving the User Experience of client company sites, system integration services, etc.

This enables end-to-end management of all marketing and sales activities of client companies: from online positioning to the interception of online buyers, from lead generation to the management of all sales force prospects.

Martech and Salestech services are able to guarantee greater revenue recurrence, greater scalability and, in perspective, higher margins. Thanks to the Engine, the strategy of this Business Unit is oriented towards an 'As-A-Service' model, positioning DIGITAL360 as a true strategic partner that provides technological assets and a multidisciplinary team (consisting of experts in content, digital communication, SEO, social media, marketing automation and lead generation), which operates as if it were an 'extension' of the client company's marketing department. This strategy aims at generating for customers a service with recurring revenue streams, with periodic pricing, and is particularly well suited to scale to multiple small- and medium-sized technology providers, which are unable to internalise the specialised human resources required to carry out online marketing and lead generation activities.

Catalogue services

These are 'standard' services, both from the point of view of the packages on offer and from the point of view of the results that can be achieved, and - for this reason - offered on the basis of a real catalogue. These services are occasionally purchased by customers who are - often - of low growth potential.

They fall within this category:

- 'standard' communication services, such as digital advertising packages (e.g. banners, buttons, direct eMailing, etc.), or content packages (e.g. online advertisements, videos, etc.);
- physical or digital events with predefined formats and targets, e.g. webinars, round tables, multi-sponsor events, etc;
- bundled lead generation services with pre-defined targets and results, both online and based on telephone marketing.



The strategy for catalogue services is based, on the one hand, on minimising the sales effort by leveraging marketing campaigns to push specific services and generate sales opportunities, and on the other hand, on a high level of attention in the pre-sales phase to verify the real 'standardisation' of the requested service and, thus, the marginality.

The Demand Generation Business Unit incorporates the services of several Group companies: ICT&Strategy, ServicePro, Imageware, CTmobi, Digital Sales, Spain's BPS, Del Monte, Inside and, for the portion of services related to it, FPA. It also includes the companies acquired in Latam in the latter part of the financial year: Xona and Ycon (Argentina), X3 Media and Impacto TIC (Colombia), NetMedia and Zubia (Mexico), joined in 2023 by EMB and the Uno a Uno group (Chile).

Business Unit 'Advisory&Coaching'

The 'Advisory&Coaching' Business Unit targets companies and public administrations through a unique service model, strongly based on methodologies, data and engineered and partly tool-based knowledge assets, which aims at overcoming the scalability and cost limits of classical consulting models.

In particular, the services provided can be divided into three types:

- Custom projects, which use distinctive competencies to offer customers, typically medium-sized and large companies and public administrations, projects characterised by a high level of customisation with regard to their needs to implement digitisation processes; these projects also allow the development of methodologies and data that can be easily reused even with smaller or less innovative companies;
- Engineered services, characterised by a high level of standardisation and based on the use of structured methodologies, tools and data. These services, thanks to the low costs made possible by scalability, can also be made accessible to small and medium-sized customers, who thus obtain high quality services at competitive prices;
- Subscription Services (Advisory As-A-Service), which allow highly specialised digital-related activities of corporate clients to be taken over on an ongoing basis. These services are based on annual renewable or multi-year contracts and enable recurring revenue generation with periodic pricing. These services, which are also provided using tools to a considerable extent, as they are conceived and designed, can be rendered to medium-sized and large companies as well as to smaller customers.

Engineered Services and, above all, Subscription Services were given a major boost during the semester.



More precisely, strategic action was developed along three main directions:

- the acceleration of the development of engineered and tool-based services with particular reference to certain core areas of competence (primarily Cybersecurity, but also GDPR, Audit&Compliance, etc.), thanks also to the engineering of know-how developed in custom projects with large customers, which made it possible to standardise working methods and support tools;
- the further development and evolution of a number of 'Subscription' Services (Advisory As-A-Service) of annual or multi-year duration with periodic pricing (also these in the IT security area, in particular VA-PT, vulnerability assessment and penetration testing, as well as DPO - Data Protection Officer - GDPR 'As-A-Service' services of CISO - Chief Information Security Officer as-a-service) and the related software-as-a-service tools to support them;
- the development of platforms: Advisory360 through which advisory services can be provided to clients, the further development of the 360DigitalSkills and FPA Digital School platforms (two smart learning platforms on digital transformation issues, aimed at businesses and public administrations respectively), the HI platform, which allows people's habits and behaviour to be monitored to make change in organisations simple and sustainable.

The 'Advisory&Coaching' Business Unit incorporates the services of several Group companies: Partners4Innovation, ICT LAB, Meridiana, the Methodos group companies, Cryptonet, Corecube and, for activities in this area, FPA.

Synergies between the two Business Units

The synergies between the two business units are important and two-fold, and are enriched by the expansion of the perimeter, and the new customers, markets, services and skills acquired by the group:

- on the one hand, the 'Demand Generation' can rely on the experts and expertise of 'Advisory&Coaching' to produce more specialised content (articles, white papers, videos, etc.) and to animate events and workshops;
- on the other hand, the Business Unit 'Advisory&Coaching' can exploit the Digital Marketing&Sales Engine to generate new prospects on an ongoing basis (especially among small and medium-sized enterprises) and its key resources can enjoy high visibility on the Group's portals and events, positioning themselves as opinion leaders.

APPENDIX 2 - Competitive Positioning

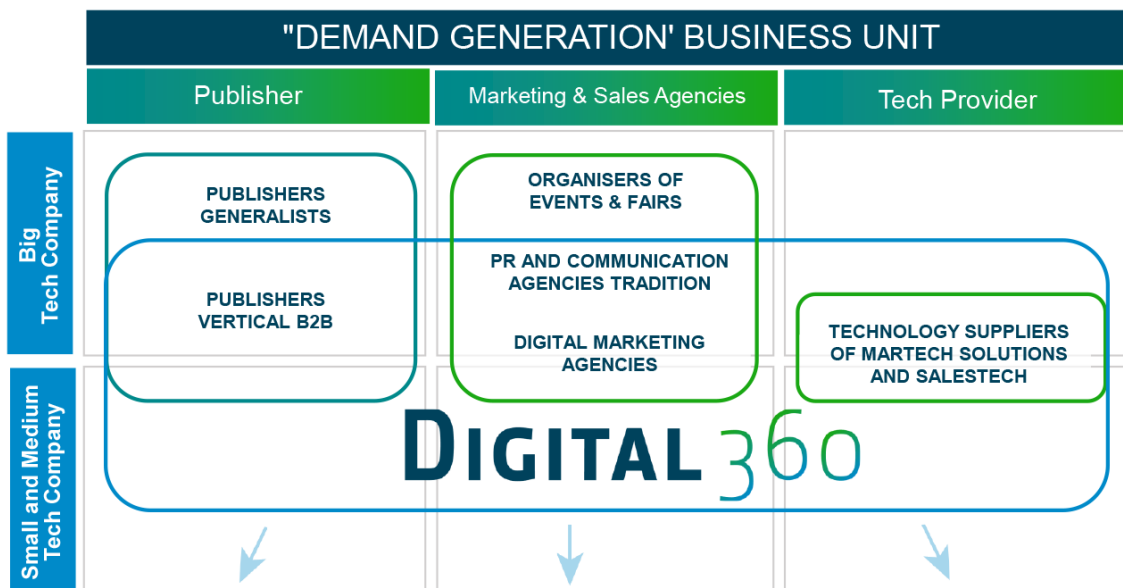


Below is a concise representation, according to the Business Unit of reference, of DIGITAL360's competitive positioning, with an indication of the evolution underway.

Business Unit 'Demand Generation'

Competitors in the Demand Generation Business Unit can be classified on the basis of two main variables (see figure below):

- the type of customers served, distinguishing between large providers of digital innovations and smaller tech companies;
- the type of 'player' on the basis of the services offered, i.e. content providers (*Publishers*), marketing & sales agencies both 'traditional' and focused on digital services (*Marketing & Sales Agencies*), technology providers supporting Marketing & Sales activities (*Tech Providers*).



Three main distinctive elements of the Group can be highlighted in this scenario:

- digital publishing assets, which constitute the largest online network focused on digital transformation and business innovation: in the year 2022, we recorded around 85 portals and newsletters, with an average of 2.2 million unique visitors/month (and a peak of 3.0 million at the beginning of the year), 100,000 keywords on the first page of Google and over 680,000 followers on social media;



- the technological assets developed over years of investment, which constitute an integrated technological platform, capable of combining multiple solutions (content management system, marketing automation, customer relationship management, etc.) in a single environment;
- integrated positioning across the entire range of services, thanks to a critical mass that allows for the coexistence of specialised teams in the different service lines (editorial content, events, lead generation and digital marketing).

These distinctive elements not only form the basis of DIGITAL360's competitive advantage, but also enable the Group to extend its offer more and more to smaller customers (including start-ups), thus penetrating a market that has a much higher cardinality than that of the large supplier segment, on which most of its competitors focus their offerings.

Advisory&Coaching' Business Unit

The competitive environment in which the Advisory&Coaching Business Unit operates can also be analysed on the basis of two dimensions (see figure below):

- the type of consultancy services offered;
- the type of customers served.

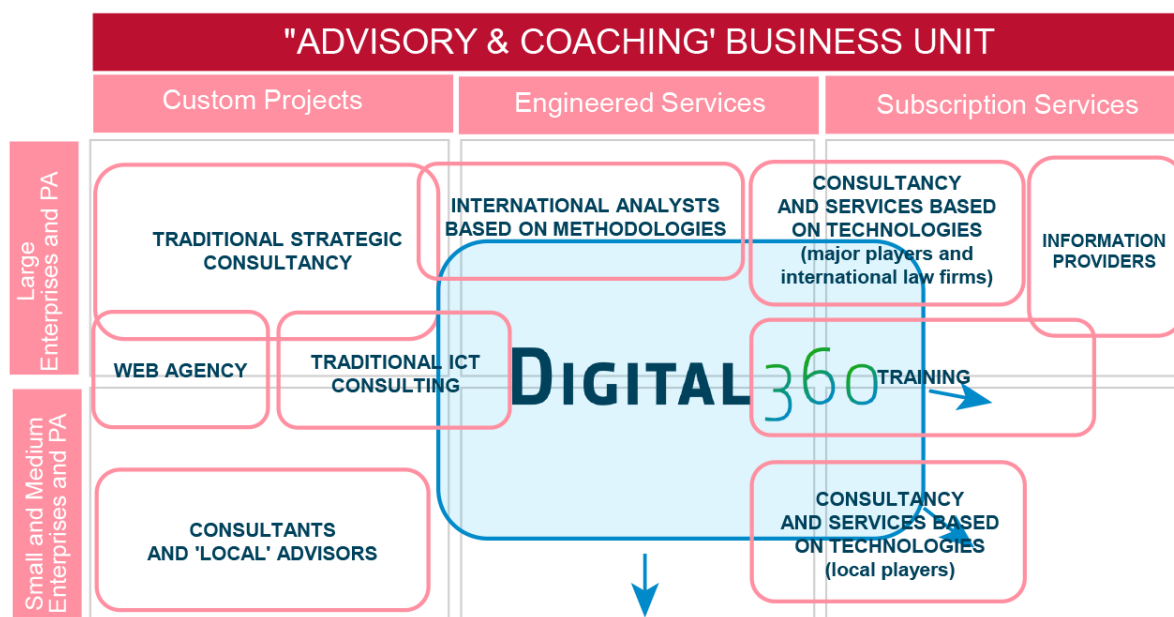
The type of consultancy services offered can in turn be classified into:

- customised projects, highly dependent on the effort in terms of people involved and characterised by a high level of customisation based on specific customer requirements. The strategy ultimately aims at the creation of multi-disciplinary strategic macro-services that are initially customised but can be engineered due to their scalability to a significant number of customers;
- engineered services, characterised by a higher level of standardisation and based on the use of methodologies and data, which, in some cases, can also be delivered partially remotely through the use of digital technologies and channels and in a logic of recurring services with monthly charges;
- subscription services also based on technology tools that allow highly specialised activities relating directly or indirectly to the digital business of corporate clients to be taken over on an ongoing basis. These services are based on annual renewable or multi-year contracts and enable recurring revenue generation with periodic pricing.

The type of customers served can be classified into:

- small and medium-sized enterprises and public administrations;
- large enterprises and public administrations.





DIGITAL360's advisory model is based on three distinctive pillars, overcoming the scalability and cost limitations of traditional models.

- the methodological assets and 'engineered' knowledge derived from the university matrices of some of the founding members, some collaborators and some co-entrepreneurs of DIGITAL360;
- software tools that make it possible to base certain advisory services also on a technology platform delivered as-a-service;
- the Group's network of online portals and events, which represent a privileged channel for positioning and market access.

Thanks to these elements, the Group already has access to the market of medium-sized companies and public administrations, and will be able to further expand its position in this vast market by increasing its penetration also in smaller companies that today do not purchase - or purchase only marginally - consulting services for their digital transformation.



Balance Sheet Assets

DIGITAL360 S.p.A. Sede legale: Milano Via Copernico 38 Capitale Sociale: Euro 2.055.034 i.v. Registro delle Imprese di Milano n. 08053820968 REA n. 2000431 BILANCIO CONSOLIDATO AL 31 DICEMBRE 2022		
STATO PATRIMONIALE - ATTIVO	31.12.2022	31.12.2021
A) CREDITI PER VERSAMENTI		
B) IMMOBILIZZAZIONI		
I. Immobilizz. Immateriali:		
1) costi di impianto ed ampliamento	84.963	9.872
2) costi sviluppo	4.259.603	3.182.514
3) dir. brevetto ind.le e dir. utilizzaz. opere ingegno	1.268.445	940.854
4) concessioni, licenze, marchi	1.183.782	17.284
5) Avviamento	990.971	479.114
5 bis) Differenza da consolidamento	28.833.230	8.786.776
6) Imm.ni in corso	178.222	85.250
7) altri beni	1.983.579	818.348
Totale immobilizzazioni immateriali	38.782.795	14.320.010
II. Immobilizz. Materiali		
1) terreni e fabbricati	295.299	290.204
2) Impianti e macchinario	45.280	-
3) Attrezzature industriali e commerciali	95.685	-
4) altri beni	742.831	313.156
Totale immobilizzazioni materiali	1.179.095	603.360
III. Immobilizz. Finanziarie		
1) partecipazioni in:		
a) Imprese controllate	127.776	-
b) imprese collegate	14.005	17.155
d bis) altre imprese	94.895	109.858
IV. Crediti		
b) Verso imprese collegate		
d) verso altri	1.709.152	1.217.252
3) Altri Titoli	-	-
Totale partecipazioni	1.945.828	1.344.264
Totale Immobilizzazioni finanziarie	1.945.828	1.344.264
TOTALE IMMOBILIZZAZIONI (B)	41.907.718	16.267.635
I) Rimanenze		
1) Materie prime, sussidiarie e di consumo	617	-
2) Prodotti in corso di lavorazione e semilavorati	-	-
3) Lavori in corso su ordinazione	12.680.386	-
4) Prodotti finiti e merci	-	-
5) Acconti	21.427	-
II. Crediti		
1) verso clienti	26.347.231	13.845.746
di cui esigib. oltre l'es.	-	-
4 bis) crediti tributari	2.157.247	442.053
di cui esigib. oltre l'es.	-	-
4 ter) imposte anticipate	256.316	133.592
di cui esigib. oltre l'es.	-	-
5) verso altri	1.002.315	408.817
di cui esigib. oltre l'es.	32.025	-
Totale	42.465.539	14.830.208
III. Attivita' finanz. che non costituiscono immobilizz.		
6) altri titoli	-	-
Totale	-	-
IV. Disponibilita' liquide		
1) dep. bancari e postali	13.614.519	12.695.951
3) danaro e valori in cassa	17.438	4.783
Totale	13.631.957	12.700.734
TOTALE ATTIVO CIRCOLANTE (C)	56.097.496	27.530.942
D) RATEI E RISCONTI		
a) ratei e risconti attivi	1.355.863	691.572
TOTALE RATEI E RISCONTI (D)	1.355.863	691.572
TOTALE ATTIVO (A+B+C+D)	99.361.077	44.490.149

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Balance Sheet Liabilities

DIGITAL360 S.p.A. Sede legale: Milano Via Copernico 38 Capitale Sociale: Euro 2.055.034 i.v. Registro delle Imprese di Milano n. 08053820968 REA n. 2000431 BILANCIO CONSOLIDATO AL 31 DICEMBRE 2022		
STATO PATRIMONIALE - PASSIVO	31.12.2022	31.12.2021
A) PATRIMONIO NETTO		
I. Capitale Sociale del gruppo	2.055.035	1.897.546
II. Riserva Sovrapprezzo Azioni	15.685.388	10.884.540
IV. Riserva Legale	105.835	16.897
VI. Altre riserve:		
Riserva avanzo da fusione	20.964	20.964
Varie altre riserve	26.706	26.706
Riserva di consolidamento	39.353	-
Riserva arr.to Euro	-5	-6
VII. Riserva copertura flussi finanziari attesi	-804	-4.654
X. Riserva Azioni Proprie in portafoglio	-461.614	-113.239
VIII. Utili (perdite) a nuovo del gruppo	1.823.003	108.108
IX. Utile (perdita) dell'esercizio del gruppo	1.292.767	1.803.835
TOTALE PATRIMONIO NETTO del gruppo	20.586.628	14.640.697
Capitale e riserve di terzi	4.964.673	1.581.597
Utile (perdita) di esercizio di pertinenza di terzi	1.281.174	165.368
TOTALE PATRIMONIO NETTO di terzi	6.245.847	1.746.965
TOTALE PATRIMONIO NETTO (A)	26.832.475	16.387.661
B) FONDI PER RISCHI E ONERI		
1) per trattam. quiescenza e obblighi simili	643.148	699.291
2) Fondi per imposte, anche differite	268.130	-
3) Strumenti finanziari derivati passivi	1.057	-
3) altri	26.561	6.124
TOTALE FONDI RISCHI E ONERI (B)	938.896	705.415
C) TRATTAMENTO DI FINE RAPPORTO DI LAVORO SUBORDINATO (C)		
	4.113.709	2.355.347
D) DEBITI		
2) obbligazioni convertibili di cui esigibili oltre l'es.	-	1.099.200
3) Debiti verso soci per finanziamenti di cui esigibili oltre l'es.	366.970	-
4) debiti verso banche di cui esigibili oltre l'es.	26.885.388	8.522.367
5) vs altri finanziatori di cui esigibili oltre l'es.	23.183.333	6.214.044
6) acconti di cui esigibili oltre l'es.	1.011.104	76
7) debiti verso fornitori di cui esigibili oltre l'es.	438.383	-
8) debiti rappresentati da titoli di credito di cui esigibili oltre l'es.	13.383.033	652.986
12) debiti tributari di cui esigibili oltre l'es.	10.828.838	6.690.168
13) deb. verso istituti di previdenza e assistenza di cui esigibili oltre l'es.	166.214	-
14) altri debiti di cui esigibili oltre l'es.	2.644.897	1.152.501
13) deb. verso istituti di previdenza e assistenza di cui esigibili oltre l'es.	1.086.192	657.221
14) altri debiti di cui esigibili oltre l'es.	9.517.152	4.169.412
TOTALE DEBITI (D)	65.889.788	22.943.931
E) RATEI E RISCOINTI		
a) ratei e risonconti passivi	1.586.210	2.097.795
TOTALE RATEI E RISCOINTI (E)	1.586.210	2.097.795
TOTALE PASSIVO E NETTO A+B+C+D+E	99.361.077	44.490.149



Profit and Loss Account

DIGITAL360 S.p.A. Sede legale: Milano Via Copernico 38 Capitale Sociale: Euro 2.055.034 i.v. Registro delle Imprese di Milano n. 08053820968 REA n. 2000431 BILANCIO CONSOLIDATO AL 31 DICEMBRE 2022		
CONTO ECONOMICO	31.12.2022	31.12.2021
A) VALORE DELLA PRODUZIONE		
1) ricavi delle vendite e delle prestazioni	55.327.387	33.655.684
3) Variazioni lavori in corso su ordinazione	-349.299	17.050
4) Incrementi di imm.ni per lavori interni	3.248.711	1.582.981
5) altri ricavi e proventi	1.437.492	728.053
TOTALE VALORE PRODUZIONE (A)	59.664.291	35.983.768
B) COSTI DELLA PRODUZIONE		
6) per mat. prime, sussidiarie, di consumo e merci	30.505	30.113
7) per servizi	28.414.248	16.460.742
8) per godimento beni terzi	1.098.997	696.883
9) per il personale:		
a) salari e stipendi	14.350.669	8.472.372
b) oneri sociali	3.693.846	2.245.088
c) trattam. fine rapporto	1.161.005	616.617
e) altri costi	262.284	17.911
Totale Costi per il personale	19.467.804	11.351.988
10) ammortamenti e svalutazioni:		
a) amm. immob. immateriali	4.847.611	3.191.825
b) amm. immobil. materiali	161.979	85.259
c) Altre svalutazioni delle immobilizzazioni	3.130	
d) svalutazione crediti iscritti nell'attivo circolante	12.980	47.987
Totale ammortamenti e svalutazioni	5.025.700	3.325.071
12) Accantonamento per rischi	5.324	
14) oneri diversi di gestione	982.068	495.606
TOTALE COSTI DELLA PRODUZIONE (B)	55.024.646	32.360.404
DIFFERENZA TRA VALORE E COSTI DELLA PRODUZIONE (A-B)	4.639.645	3.623.364
C) PROVENTI E ONERI FINANZIARI		
15) Proventi da partecipaz.		
- altri	3.763	12.347
16) Altri Proventi Finanziari		
- altri	43.688	3.019
Totale proventi finanziari	47.451	15.366
17) interessi e oneri finanziari:		
- verso altri	644.805	329.021
2) Interessi passivi sui debiti verso banche di credito ordinario	597.596	
3) Altri oneri finanziari	47.209	
Totale interessi e altri oneri finanziari	644.805	329.021
17 bis) Utili e perdite su cambi	27.100	1.105
TOTALE (PROVENTI)/ONERI FINANZIARI	624.454	312.550
D) RETTIFICHE DI VALORE DI ATTIVITA' FINANZIARIE		
18) Rivalutazioni:		
Totale rivalutazioni	-	-
19) Svalutazioni:		
a) di partecipazioni	28.311	6.851
c) Di titoli iscritti nell'attivo circolante (che non costituiscono partecipazioni)	265	
Totale svalutazioni	28.576	6.851
Risultato prima delle imposte (A - B + C - D + - E)	3.986.615	3.303.963
22) Imposte sul reddito dell'esercizio, correnti, differite e anticipate		
imposte correnti	1.504.022	1.219.279
imposte anticipate	-1.541	116.296
Imposte esercizi precedenti	-89.807	-816
Totale delle imposte sul reddito dell'esercizio, correnti, differite e anticipate	1.412.674	1.334.760
23) Utile (perdita) dell'esercizio	2.573.941	1.969.203
Del gruppo	1.292.767	1.803.835
Di pertinenza di terzi	1.281.174	165.368

Consolidated Financial Report as at 31.12.2022 - DIGITAL360 S.p.A.



Notes to the consolidated financial statements for the year ended as at 31 December 2022

Parent company
Digital360 S.p.A

Registered office - Milan - Via Copernico, 38
Share Capital euro 2.055.034,60 i.v.

Tax Code 08053820968
Business register (REA) no MI 2000431



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Notes to the Consolidated Financial Statements as at 31 December 2022

Members,

the consolidated financial statements for the year ended 31 December 2022, of which these notes form an integral part, have been prepared on the basis of the accounting records duly kept and in accordance with statutory regulations.

Introduction

As at 31 December 2022, DIGITAL360 S.p.A., the parent company of the group, controlled the following companies:

- **ICTandStrategy S.r.l.** (or ICT&, wholly owned), which offers communication and marketing services, lead generation, events and webinars, in the area of digital transformation. ICT&Strategy addresses the B2B market of all providers of digital solutions and technological innovation, offering them multiple services to make themselves known and get in touch with their customers (enterprises and PA).
- **Partners4Innovation S.r.l.** (or P4I, wholly owned, into which IQ Consulting S.r.l. was merged by incorporation in 2022) through professionals highly specialised in the different areas of digital transformation, provides advisory and coaching services to companies and public administrations that want to understand and evaluate the opportunities offered by digital to improve their processes, products and services;
- **FPA S.r.l.** (or wholly owned FPA), which promotes the meeting and collaboration between public administration, enterprises, the research world and civil society. FPA in particular assists public administrations, both central and local, in their paths of technological, institutional and organisational innovation and addresses all suppliers of digital solutions and technological innovations interested in such paths. FPA performs this accompanying role through multiple services: from the organisation of events and exhibitions to communication, from research to advisory and training;
- **ServicePro Italy S.r.l.** (or ServicePro wholly owned), which operates as a 'full service' marketing agency specialising in the realisation of complex events and the management of demand and lead generation campaigns. It caters in particular to large vendors of technology solutions and for some of them acts as preferred agency, managing important components of their marketing budgets;



- **CTMobi S.r.l.** (or wholly-owned CTMobi), which is mainly active in the development of Cloud-based software solutions, User Interface & Experience Design services and IT architecture development.
- **Imageware S.r.l.** (or Imageware) (into which **Hi-Comm S.r.l. was merged** by incorporation in December 2022) 51% owned, is one of the most prestigious and competent PR, marketing and communication agencies on the Italian scene. It operates in three main areas of activity: (i) Public Relations and Social Media; (ii) realisation of creative and communication projects; (iii) organisation of physical and digital events.
- **ICT LAB PA S.r.l.** or (ICT LAB 51% owned) offers consulting services aimed at accompanying the innovation paths of Public Administrations (PA). In April 2022, as per previous agreements and as more accurately described in the acquisitions section of this same document, DIGITAL360's stake in the company increased from 25.5% to 51%.
- **Corecube S.r.l.** ("Corecube" 75% owned), acquired in January 2022, the company specialises in the design of training courses for professionals who also need to update themselves in accordance with the obligations of their orders. The entry into the capital of Corecube makes it possible to expand DIGITAL360's offer of microlearning services dedicated to the development and updating of skills and attitudes, with particular reference to digital skills, of employees of companies and public administrations.
- **Digital Sales S.r.l.** ('Digital Sales', 51 % owned), a start-up company specialising in digital solutions to support B2B marketing and sales (MarTech and SalesTech). Digital Sales supports companies in the effective use of Marketing Automation and Customer Relationship Management (CRM) technology solutions.
- **Business Publications Spain S.L.** ("BPS" held 70% through its subsidiary Digital Iberia SL, a wholly-owned subsidiary of DIGITAL360), based in Madrid, acquired at the end of June. BPS is a company specialising in the production of content on digital innovation and information and communication technology (ICT). BPS offers technology companies a wide range of services including events, webinars, content, communication campaigns and lead generation programmes.
- **Del Monte & Partners Comunicazione s.r.l.** ('Del Monte' held 35.3%). Acquired in June 2022, Delmonte is a company specialising in digital solutions to support B2B marketing and sales (MarTech and SalesTech). Del Monte is controlled by virtue of agreements between the parties that allow DIGITAL360 to exercise a dominant influence over the company.



- **Methodos** Group, a group of companies acquired in July 2022, with a 100% direct shareholding in the parent company Methodos Group S.p.A. and a 51% indirect shareholding in Methodos S.p.A., Digital Attitude S.r.l. and Accompany S.r.l. Methodos S.p.A. is a historic company with a well-known brand and a prominent position in organisational consulting, with particular reference to the management of organisational and cultural change in companies. Founded in 1979 in Milan, Methodos has recently expanded its business perimeter through its subsidiaries Digital Attitude and Accompany, active, respectively, in the market of software platforms supporting behavioural changes (Digital Coach and Digital Adoption Platform) and in the support to digital transformation.
- **CryptoNet Labs s.r.l.** ("CryptoNet", 75% owned), acquisition finalised in July 2022. CryptoNet is active in the field of active and passive systems for cybersecurity, with an offering that includes services, consulting and technology platforms for monitoring and defending corporate data and information. Thanks to this acquisition, a service centre dedicated to cybersecurity is established in DIGITAL360, with half of its turnover consisting of recurring revenue (Annual Recurrent Revenue). In particular, with the acquisition of CryptoNet, DIGITAL360 strengthens its more innovative, subscription-based consulting services based on as-a-service software platforms ('Consultech').
- **Digixem S.r.l.** ("Digixem", 100% owned), a company incorporated under Italian law by DIGITAL360 to be the vehicle through which to acquire the investments in the Latam area. As of 31 December 2022, the company includes all the companies based in South America indicated below, plus the equity investment in the sub-holding DIGITAL360 Uruguay SA (formerly Rometa SA), a company incorporated under Uruguayan law that will represent the hub of the Latam activities and will take care of the commercial, editorial and operational coordination, maximising synergies with the activities carried out in Italy, guaranteeing the acquired companies the full fungibility of the technological platforms developed by DIGITAL360.
- **X3 MEDIA S.A.S.** ('X3 Media', 51% owned through its subsidiary Digixem) in September 2022 DIGITAL360 enters Colombia with the acquisition of 51% of the company X3 MEDIA S.A.S., an agency specialising in Martech and Salestech based in Bogotá, platinum partner of Hubspot (leading software company in the MarTech world and listed on Nasdaq).
- **Meridiana Italia s.r.l.** ("Meridiana" 51% owned) acquired in November 2022. Meridiana operates in the field of specialised services for the Public Administration ("PA"), supporting entities and institutions in the management of European programmes in the national and EU territory. The acquisition of Meridiana strengthens the presence of DIGITAL360 in the world of consulting



services supporting innovation and digital transformation of PA, an area already covered by the Group through the companies FPA, ICT LAB PA and some practices of Partners4Innovation..

- Inside **comunicazione S.r.l.** ('Inside' 51% owned). November 2022 saw the finalisation of the acquisition of a communications agency that has specialised over the years in digital solutions to support B2B marketing (MarTech). In addition to a team specialising in communication and digital marketing, Inside brings with it a broad customer base, ranging from the manufacturing sector to large-scale retail, from fashion to utilities and the medical sector.
- **Impacto Tic S.A.S.** ("Impacto Tic" 51% owned through Digixem) also follows in November 2022 the acquisition of Impacto Tic S.A.S. ("Impacto Tic") in Colombia, publisher of the reference portal in Colombia on topics related to information and communication technologies and digital innovation, founded in 2018 and directed by one of the best-known journalists in the world of technologies and digital transformation in the country.
- **Netmedia SA** ('Netmedia' 51% owned through Digixem) in November 2022 DIGITAL360 also enters the Mexican market with the acquisition of 51% of Netmedia, the leading online publisher of content in the area of information and communication technology and digital transformation in Mexico. Netmedia is also well known in the entire LATAM basin. The company boasts a unique team of journalism, communication and digital media professionals, and has built a select, participative and influential community of readers, with whom it maintains a permanent dialogue both through its digital publishing assets (websites and newsletters), and by organising numerous events that have become a regular fixture for key players in the technology sector.
- **SmartOperations S.r.l.** ('SmartOperations' 100% owned). November also saw the completion of the acquisition of the entire share capital of Smart Operations, an advisory company that uses Data Science as a Service (DSaaS) founded by professors and researchers from the industrial engineering department of the University of Florence. The company, which is well-rooted in the production fabric of central Italy, develops technical solutions, including algorithms and prototypes, to support customers in their journey towards innovation, Industry 4.0 and digital transformation in general.
- **Zubialink Enterprises, S.A.** ('Zubia' 51% owned through Digixem) based in Mexico City, acquired in December 2022. Zubia is a digital marketing agency, Hubspot partner and specialised in Martech and Salestech. It supports its B2b clients (technology companies in particular) in the design and execution of plans aimed at generating new business opportunities and thus increasing sales. The company also offers consulting services for the digital transformation of marketing,



sales and customer care processes through the integration and implementation of technology solutions.

- **Ycon SAS** ('Ycon' 100% owned through Digixem) based in Buenos Aires. Acquired in December 2022, Ycon is a promising small company in Argentina, specialising in the production of high-quality editorial content and communication campaigns, which supports its B2B clients in improving their image and commercial positioning in the target market.



Consolidation Perimeter

The companies included in the scope of consolidation and consolidated on a line-by-line basis as at 31 December 2022 are shown in the table below:

Denominazione	Sede sociale	Capitale Sociale	Quota posseduta %
DIGITAL360 S.p.A.	Via Copernico, 38 - Milano	Euro 2.055.034	
ICTandStrategy S.r.l.	Via Copernico, 38 – Milano	Euro 29.697	100%
Partners4Innovation S.r.l.	Via Copernico, 38 – Milano	Euro 14.286	100%
FPA S.r.l.	Via Ostiense, 92 – Roma	Euro 58.000	100%
ServicePro S.r.l.	Via Mazzini, 5 - Cernusco Sul Naviglio (MI)	Euro 50.000	100%
CT Mobi S.r.l.	Via G.F. Ingrassia 22 - Catania	Euro 10.000	100%
Imageware S.r.l.	Via Moretto da Brescia, 22 – Milano	Euro 10.400	51%
ICTLAB PA S.r.l.	Viale Europa, 140 – Roma	Euro 625.000	51%
Core Cube S.r.l.	Via Copernico, 38 – Milano	Euro 10.000	75%
Digital Sales s.r.l.	Via Salvatore Cutroni, 28 – Barcellona Pozzo di Gotto	Euro 10.000	51%
Del Monte & Partners Comunicazione s.r.l.	Piazza Cavour, 3 - Milano	Euro 15.455	35,3%*
Cryptonet Labs S.r.l.	Via A. Bertani 6 - Milano	Euro 10.000	75%
Methodos Group S.p.A.	Via G. Mellerio 3 - Milano	Euro 200.000	100%
Methodos S.p.A.	Via G. Mellerio 3 - Milano	Euro 300.000	51%
Accompany S.r.l.	Via G. Mellerio 3 - Milano	Euro 10.000	51%
Digital Attitude S.r.l.	Via G. Mellerio 3 - Milano	Euro 200.000	51%
Meridiana Italia S.r.l.	Via dell'Edilizia 4/D - Potenza	Euro 122.081	51%
Inside Comunicazione S.r.l.	Via Darsena 67 - Ferrara	Euro 10.200	51%
Smart Operations S.r.l.	Via Madonna del Piano 6 - Sesto Fiorentino (FI)	Euro 52.500	100%
Digital360 Iberia S.L.	Alcala, 93 – Madrid, Spagna	Euro 10.000	100%
Business Publications Spain S.L.	Camino de Valdenigrales, 6 - Pozuelo de Alarcón, Madrid	Euro 900.000	70%
Digixem S.r.l. **	Via Copernico, 38 – Milano	Euro 50.000	100%
IMPACTO TIC SAS	Bogotà, Colombia	COP 1.000.000	51%
Netmedia SA	Città del Messico, Messico	MXN 1.700.000	51%
X3 MEDIA SAS	Bogotà, Colombia	COP 40.000.000	51%
XONA SA	Buenos Aires, Argentina	ARS 1.039.292	51%
XD business Solutions	Montevideo, Uruguay	USD 2.847	51%
Zubialink enterprises SA	Città del Messico, Messico	MXN 719.960	51%

* de facto control, majority of votes in the assembly.



** Digixem S.r.l. wholly owns, among others, the companies Digital360 Uruguay SA (formerly Rometa SA), Ycon SAS and Textualist LLC. The companies were not included in the consolidated financial statements as of 31 December 2022 due to insignificance (total assets approximately USD 37,000, pro forma revenues approximately USD 118,000 and profit for the year approximately USD 30,000). In addition, Ycon and Textualist, representing 99% of the revenues and profit just mentioned, were acquired on 29 December 2022 and therefore their contribution would have been absolutely insignificant on the consolidated financial data as at 31 December 2022.

Please refer to the section 'Acquisitions' in the Report on Operations for details on the transactions. Where deemed necessary, the effects of the change in the scope of consolidation have been disclosed in the notes to the financial statements.

Principles of Consolidation

The main consolidation criteria adopted for the preparation of the Consolidated Financial Statements are as follows:

- The carrying value of investments in consolidated subsidiaries is eliminated against the corresponding portion of shareholders' equity, at the date of acquisition, against the assumption of the assets and liabilities resulting from the respective financial statements according to the line-by-line method. Any positive differences arising at the date of acquisition are allocated to individual asset items, where possible, or to the item 'Consolidation difference', which is amortised on a straight-line basis over a period deemed to be appropriate in view of its foreseeable future usefulness. Any negative differences are allocated to the item 'Consolidation reserves'; this means that the results of the subsidiary after the acquisition of control will be recognised in the income statement of the consolidated financial statements. In equity, the subsidiary's pre-acquisition results have been deducted from the consolidated group results and allocated to retained earnings (losses).
- Unrealised gains and losses arising from transactions between consolidated companies are eliminated, as are debit and credit entries and all other transactions between companies included in the scope of consolidation;
- the amount of capital and reserves of subsidiaries corresponding to third-party holdings is recorded under the equity heading 'Capital and reserves of third parties';
- the portion of the consolidated profit or loss corresponding to non-controlling interests is recorded under the caption 'Profit or loss for the year attributable to non-controlling interests'.

Consolidated Financial Report as at 31.12.2022 - DIGITAL360 S.p.A.



- The financial statements in foreign currencies included in the consolidated financial statements have been translated using the current exchange rate method, which consists of translating asset and liability items (excluding equity) at the year-end rate, equity items at the historical exchange rates of occurrence of the various transactions, and the income statement at the average exchange rate for the year (prevailing practice); changes in the translation reserve are transferred to an equity reserve.

Accounting Principles and Valuation Criteria

The Consolidated Financial Statements as at 31 December 2022 are prepared in accordance with the provisions of the Italian Civil Code.

The valuation of balance sheet items is in line with the general criteria of prudence and accrual, with a view to the continuity of the company's business.

The application of the principle of prudence entailed the individual valuation of the elements comprising the individual items of assets or liabilities, in order to avoid offsetting losses that had to be recognised and income that had not to be recognised as unrealised. In particular, gains were included only if realised by the end of the period, while risks and losses pertaining to the period were taken into account, even if known after the end of the period.

The application of the accrual principle meant that the effect of transactions was recognised in the accounts and attributed to the period to which these transactions related and not to the period in which the relevant receipts and payments were made.

During the period, there were no exceptional cases that made it necessary to depart from the valuation criteria prescribed by law. There were also no revaluations of assets during the period pursuant to special laws on the subject.

The preparation of financial statements requires estimates to be made that affect the values of assets and liabilities and related disclosures. Actual results may differ from these estimates. Estimates are reviewed periodically and the effects of changes in estimates, where not resulting from faulty estimates, are recognised in the income statement for the period in which they are found to be necessary and appropriate, if those changes affect only that period, and also in subsequent periods if the changes affect both the current and subsequent periods.

Where deemed necessary for greater understanding, the effect of the change in the scope of consolidation following the acquisitions completed during the year has been included.



Intangible fixed assets

They are valued at purchase or production cost, including any incidental expenses, and amortised systematically on a straight-line basis over their expected useful life.

Industrial patent and intellectual property rights, licences, concessions and trade mark registration fees are amortised over a period of five years.

Deferred charges that include development costs are capitalised when their future usefulness is demonstrated, there is an objective correlation with the related future benefits to be enjoyed by the Group, and their recoverability can be estimated with reasonable certainty. These costs are amortised over a period of five years. Acquisitions made during the period are amortised by applying the rate of one half.

The 'Consolidation Difference' consists of the residual portion of the higher value paid with respect to the book equity of the consolidated companies resulting at the date of their acquisition, after taking into account the capital gains allocable to the specific asset items. The 'Consolidation Difference' is shown net of the amortisation charges determined according to the period of expected future usefulness and from the date of acquisition of the consolidated company. The expected future usefulness is determined taking into account the specific characteristics of the sector in which the acquired companies operate and which supported the economic-financial motivations underlying their acquisition.

Leasehold improvements are depreciated over the period of future usefulness of the expenditure incurred or the remaining lease term, whichever is shorter.

Tangible fixed assets

They are recorded at purchase or production cost, including directly attributable expenses, and adjusted by the respective accumulated depreciation.

Tangible fixed assets are systematically depreciated in each period on a straight-line basis at economic-technical rates determined in relation to the remaining useful life of the assets.

Purchases made during the period are depreciated at the rate of half.

Type of tangible fixed assets	Rate %
Buildings	3%
Electronic office machines	12%
Furniture and furnishings	15%

Maintenance costs of an ordinary nature are charged in full to the profit and loss account.

Consolidated Financial Report as at 31.12.2022 - DIGITAL360 S.p.A.



No discretionary or voluntary revaluations were carried out and the valuations made are limited to the objectively determined value in use of the fixed asset itself.

If there are indicators of impairment of intangible and tangible assets at the balance sheet date, their recoverable value is estimated.

If their recoverable amount, meaning the higher of value in use and *fair value* less costs to sell, is less than the corresponding net book value, the fixed assets are written down. When it is not possible to estimate the recoverable amount of an individual fixed asset, this analysis is performed with reference to the so-called 'cash-generating unit' (hereafter 'CGU'), i.e. the smallest identifiable group of assets that includes the fixed asset being measured and generates independent cash inflows that are largely independent of the cash inflows generated by other assets or groups of assets.

In the presence of an impairment loss, it is first allocated, if any, to reduce the value of the goodwill/consolidation difference allocated to the same UGC and recognised in the balance sheet and, subsequently, to the other assets, in proportion to their net book value.

The write-down made is not maintained in subsequent periods if the reasons for the adjustment cease to apply. The reversal of an impairment loss is made to the extent of the value that the asset would have had if the impairment loss had never been recognised, i.e. taking into account the depreciation that would have been incurred in the absence of the impairment loss. A reversal of an impairment loss recognised on goodwill/consolidation difference and deferred charges is not possible.

Financial fixed assets

Investments in non-consolidated subsidiaries and investments in other companies are valued at acquisition or subscription cost including ancillary expenses, adjusted downwards for any impairment losses. The original value is reinstated in subsequent periods if the reasons for the write-down no longer apply. Receivables in the nature of financial fixed assets are valued at cost. Financial fixed assets include security deposits.

Investments in associates are valued according to the equity method. Associated or controlling interests in non-operating or non-significant companies are stated at acquisition or subscription cost adjusted for any impairment losses.

Inventories

This item mainly includes contract work in progress valued according to the percentage of completion or state of advancement method.



Credits

They are stated at estimated realisable value. The nominal value of receivables is adjusted to the estimated realisable value by means of a special allowance for doubtful accounts, to take into account already manifest, feared or latent uncollectability situations and general economic conditions, sector conditions and also country risk.

For these receivables, the company did not measure them at amortised cost, nor did it discount them to present value since all the receivables recognised have maturities of less than 12 months.

Cash and cash equivalents

Cash in hand is valued at nominal value, while bank and postal accounts receivable are valued at estimated realisable value.

Financial Assets Not Constituting Fixed Assets

Securities, participations and other financial assets not constituting fixed assets are recorded at the lower of purchase cost including incidental expenses and realisable value based on market trends.

Accruals and deferrals

Accruals and deferrals relate to portions of costs and income common to two or more consecutive periods, the extent of which is determined on an accrual basis.

Provisions for risks and charges

Provisions are set aside to cover losses or debts of a definite nature and of certain or probable existence, the amount or date of occurrence of which could not be determined at the end of the period. Provisions are quantified on the basis of estimates that take into account all information available at the date of preparation of these financial statements.

Derivative financial instruments

Derivative financial instruments are financial assets and liabilities recognised at fair value and are mainly used as hedging instruments to manage risks arising from exchange rate and interest rate fluctuations.



Derivatives are classified as hedging instruments only when, at the inception of the hedge, there is a close and documented correlation between the characteristics of the hedged item and those of the hedging instrument and this hedging relationship is formally documented and the effectiveness of the hedge, verified periodically, is high.

When derivatives hedge the risk of changes in the future cash flows of the hedged instruments (cash flow hedges), the effective portion of any gain or loss on the derivative financial instrument is suspended in equity. Gains and losses associated with a hedge for the ineffective portion are recognised in profit or loss. At the time the related transaction is realised, the cumulative gains and losses, recognised up to that time in equity, are recognised in profit or loss at the time the related transaction is realised (as an adjustment or addition to the income statement items impacted by the hedged cash flows). Therefore, changes in the relative fair value of hedging derivative financial instruments are recognised:

- in the income statement in items D18 or D19 in the case of a fair value hedge of a recognised asset or liability, as well as changes in the fair value of the hedged items (where the change in fair value of the hedged item is greater in absolute value than the change in fair value of the hedging instrument, the difference is recognised in the income statement item hedged);
- in a separate equity reserve (under item AVII "Reserve for expected cash flow hedges") in the case of cash flow hedges that offset the effects of the hedged cash flows (the ineffective component is classified in items D18 and D19).

For derivative financial instruments classified as trading because they do not meet the requirements for hedge accounting, changes in fair value are recognised in the balance sheet and are taken to profit and loss in items D18 or D19.

Severance Pay

The termination indemnity corresponds to the total of the individual indemnities accrued in favour of employees at the balance sheet date, net of advances paid, and is equal to the amount that would be payable to employees in the event of termination of employment on that date.

The employee severance indemnity liability accrued as of 31 December 2022 represents the actual liability accrued to employees in accordance with the law and current employment contracts, considering all forms of remuneration of a continuing nature.

Debts

They are recognised at their nominal value, which is considered representative of the redemption value.



It should be noted that the company has not measured financial payables over 12 months at amortised cost as transaction costs, commissions and any other differences between initial value and maturity value are deemed immaterial.

Foreign Currency Transactions and Items

Receivables and payables originally denominated in foreign currencies, recorded at the exchange rates prevailing on the date they arose, are aligned with the exchange rates prevailing on the balance sheet date. In particular, assets and liabilities not constituting fixed assets, as well as fixed financial receivables, are recorded at the spot exchange rate at the end of the period. Gains and losses resulting from the translation of receivables and payables are respectively credited and debited to the Profit and Loss Account under item 17a), "Foreign Exchange Gains and Losses".

Revenues and Costs

They are shown in the financial statements in accordance with the principles of prudence and accrual, with recognition of the relevant accruals, net of any returns, discounts and rebates.

Revenues and costs from the provision of services and financial income and expenses are recognised on an accrual basis as the service provision progresses.

The sale and purchase of goods are recognised when the exchange has taken place or the transfer of title has occurred.

Income Taxes

Taxes for the period are determined on the basis of a realistic forecast of the tax burden to be paid, in application of current tax legislation.

Deferred and prepaid taxes are determined on the temporary differences between the values of assets and liabilities determined according to statutory criteria and the corresponding values determined for tax purposes. In particular, deferred tax assets, in accordance with the principle of prudence, are only recognised if there is reasonable certainty of their future recovery.

Any changes in estimates (including rate changes) are allocated to taxes for the period. No provision for taxes is made against taxable provisions or reserves in the event of distribution if such distribution is not probable.



As of the 2019 financial year, the parent company DIGITAL360 S.p.A. has adhered to the national tax consolidation regime, together with its subsidiaries ICT& S.r.l., P4I S.r.l., IQC S.r.l., FPA S.r.l. and ServicePro S.r.l..

As a result of this option, the IRES is determined on a tax base corresponding to the algebraic sum of the positive and negative taxable amounts of the individual participating companies.

The economic relations, as well as the mutual responsibilities and obligations, between the consolidating company and the subsidiaries are defined in the Consolidation Agreement signed between the Group companies.

Comments on Balance Sheet Items

A) Receivables from shareholders for payments still due

This item had no value as at 31 December 2022.

B) Fixed assets, with separate indication of leased assets

As at 31 December 2022, this item amounted to €41,907,718 (€16,267,635 as at 31 December 2021), of which €38,782,795 was intangible fixed assets, €1,179,095 tangible fixed assets and €1,945,828 financial fixed assets.

Item B III 2) of financial fixed assets includes receivables for TFR and TFM insurance policies taken out by certain group companies. As required by the Italian Civil Code, the data as at 31 December 2021 was also reclassified.

B I - Intangible fixed assets

Intangible assets as at 31 December 2022 amounted to EUR 38,782,795 (EUR 14,320,010 as at 31 December 2021) and are broken down as follows:

- start-up and expansion costs: EUR 84,963;
- development costs: €4,259,603;
- industrial patent and intellectual property rights: €1,268,445;
- concessions, licences, trademarks: EUR 1,183,782;
- goodwill: €990,971;



- difference from consolidation: €28,833,230;
- Assets under construction: €178,222;
- other intangible fixed assets: €1,983,579.

Changes in intangible assets during the year are shown below:

Descrizione	31/12/2021	Incrementi	Variazione perimetro	Decrementi	Altri movimenti	31/12/2022
1) costi di impianto ed ampliamento						
Costo Originario	9.872		75.091			84.963
Ammortamenti	-			-		-
Valore netto	9.872					84.963
2) costi di sviluppo						
Costo Originario	8.418.881	1.692.627	718.707		82.250	10.912.465
Ammortamenti	5.236.368			1.416.495		6.652.862
Valore netto	3.182.514					4.259.603
3) dir. brevetto ind.le e dir. utilizzaz. opere ingegno						
Costo Originario	1.942.156	649.596	7.902			2.599.654
Ammortamenti	1.001.302			329.907		1.331.209
Valore netto	940.854					1.268.445
4) Concessioni licenze e marchi						
Costo Originario	23.561	29.549	1.144.813			1.197.923
Ammortamenti	6.277			7.863		14.140
Valore netto	17.284					1.183.782
5) Avviamento						
Costo Originario	502.908	-	564.093			1.067.001
Ammortamenti	23.794			52.235		76.029
Valore netto	479.114					990.971
5 bis) Differenze da consolidamento						
Costo Originario	13.865.083	22.285.459				36.150.542
Ammortamenti	5.078.306			2.239.005		7.317.311
Valore netto	8.786.776					28.833.230
6) Immobilizzazioni in corso						
Costo Originario	85.250	-	175.222		(82.250)	178.222
Ammortamenti	-			-		-
Valore netto	85.250					178.222
7) altri beni						
Costo Originario	2.620.995	1.529.103	260.456			4.410.554
Ammortamenti	1.802.647			624.328		2.426.975
Valore netto	818.348					1.983.579
Totale	14.320.011	26.186.334	2.946.284	4.669.833	-	38.782.795

Details of the main items making up intangible assets are provided below.

2) Development costs

As at 31 December 2022, this item amounted to €4,259,603 (€3,182,514 as at 31 December 2021) and showed a net increase of 34% (€1,077,089 net of depreciation and amortisation) compared to 31 December 2021. The change in perimeter compared to 2021 has an impact of approximately €719,000.

Confirming its vocation strongly focused on development and innovation, during 2022, the company continued to make important investments, described in more detail in the Report on Operations - in the section on Group investments - with significant involvement also of its own structure and with the aim of preparing and enhancing the Company's service offer.



3) Industrial Patent and Intellectual Property Rights

As of 31 December 2022, this item amounted to €1,268,445 (€940,854 as of 31 December 2021). The balance is almost entirely composed of ongoing software development costs (both proprietary and third-party), including the development of Model Engine and Group platforms: Event360, Techflix360, Feedback4you, Network Digital360. The net increase for the period (euro 327,591) is due to the investments made, using both internal and third-party resources. The different consolidation perimeter has a minimal impact, euro 7,902.

4) Concessions, licences and trade marks

As at 31 December 2022, this item amounted to €1,183,782 (€17,284 as at 31 December 2021), the balance at the beginning of the year is entirely due to costs incurred for the filing and registration of certain trademarks related to the new services offered including: "ENGINE360 marketing & sales as a service", "CISO360 cybersecurity as a service" and "DPO360 data protection as a service".

The net increase for the period (Euro 1,166,499) was due in a small part to the registration of new trademarks - including DIGIXEM360, linked to the new operations in LATAM - for about Euro 20,000, but mainly to the different scope of consolidation for about Euro 1,145,000.

In detail, the changes attributable to the different perimeter include: the Meridiana Italia brand, for €934,956, subject to revaluation pursuant to Article 110 of Italian Legislative Decree No. 104/2020 in 2021, the software owned by the company Del Monte Fully & Odissey for about €94,000.

5) Start-ups

The item as of 31 December 2022 amounted to €990,971 (€479,114 as of 31 December 2021), the increase was entirely due to the change in the scope of consolidation deriving from the acquisition, through Digital Iberia SL, of the company BPS SL, which includes among its intangible assets the goodwill related to branches of business previously contributed. An absolutely residual amount, approximately €14,000, from the goodwill included in the financial statements of the subsidiary Meridiana Italia S.r.l. for the acquisition of the April Italia S.p.A. branch of business.

The remainder derives from the ICT LAB subsidiary acquired last year (also the subject of a previous business unit contribution transaction).

Goodwill is generally amortised over a period of 10 years.

The valuations made at the time of acquisition, as well as the results of the subsidiaries, do not necessitate any adjustment to the net value recorded in the balance sheet.



5a) Consolidation difference

As at 31 December 2022, this item amounted to €28,833,230 (€8,786,776 as at 31 December 2021) and related to the following companies:

Società	Importo
ICTandStrategy S.r.l.	834.893
Partners4Innovation S.r.l.	376.253
FPA S.r.l.	471.573
ServicePro S.r.l.	3.609.875
CT MOBI S.r.l.	319.732
Imageware S.r.l.	1.411.423
ICT Lab PA S.r.l.	1.204.419
Digital Sales S.r.l.	172.933
BPS SL	406.323
Del Monte & Prtns S.r.l.	179.135
Cryptonet Labs S.r.l.	8.953.153
Methodos Group S.p.A.	3.707.820
Digital Attitude S.r.l.	476.965
Meridiana Italia S.r.l.	3.166.480
Inside Comunicazione S.r.l.	1.736.506
Smart Operations S.r.l.	282.547
IMPACTO TIC SAS	187.487
Netmedia SA	439.266
X3 MEDIA SAS	221.110
XONA SA	338.931
Zubialink enterprises SA	336.406
Totale	28.833.230



Movements for the period are given below:

Società	Saldo al 31 dicembre 2021	Incrementi	Decrementi	Amm.to	Saldo al 31 dicembre 2022
ICTandStrategy S.r.l.	1.089.073	12.480	-	266.660	834.893
Partners4Innovation S.r.l.	506.831	-	-	130.578	376.253
FPA S.r.l.	633.389	-	-	161.816	471.573
ServicePro S.r.l.	4.147.016	-	-	537.141	3.609.875
CT MOBI S.r.l.	359.699	-	-	39.967	319.732
Imageware S.r.l.	1.554.788	32.656	-	176.021	1.411.423
ICT Lab PA S.r.l.	495.979	821.020	-	112.580	1.204.419
Digital Sales S.r.l.	-	187.971	-	15.038	172.933
Business Publications Spain S.L.	-	432.259	-	25.936	406.323
Del Monte & Partners Comunicazione s.r.l.	-	188.563	-	9.428	179.135
Cryptonet Labs S.r.l.	-	9.424.372	-	471.219	8.953.153
Methodos Group S.p.A.	-	3.902.968	-	195.148	3.707.820
Digital Attitude S.r.l.	-	502.068	-	25.103	476.965
Meridiana Italia S.r.l.	-	3.198.465	-	31.985	3.166.480
Inside Comunicazione S.r.l.	-	1.754.046	-	17.540	1.736.506
Smart Operations S.r.l.	-	285.401	-	2.854	282.547
IMPACTO TIC SAS	-	189.381	-	1.894	187.487
Netmedia SA	-	443.703	-	4.437	439.266
X3 MEDIA SAS	-	227.948	-	6.838	221.110
XONA SA	-	342.355	-	3.424	338.931
Zubialink enterprises SA	-	339.803	-	3.397	336.406
Totale	8.786.776	22.285.459	-	2.239.004	28.833.230

The consolidation difference is amortised over a period of 10 years, believing that the companies listed can manifest their profitability over a period of no less than this duration. In fact, these are either companies that have already been present in their respective sectors for several years and have an established position in the market, or more recently established companies with excellent medium- and long-term potential due to the skills they have acquired and the products/services they offer.

The increases for the period are almost exclusively attributable to the aforementioned extraordinary transactions that took place during the year and are described in more detail in the Report on Operations. The net increase in the period is attributable to new acquisitions, or increase in quotas, in the period and net of depreciation for the year.

As at 31 December 2022, no impairment indicators were identified.

Therefore, it is believed that the amount of the consolidation difference is reflected in the true economic value of the equity investments held and recoverable in future periods, given the expected profitability of the consolidated companies. In support of this, the following table summarises, for each company, (i) the balance as of 31 December 2022 of the consolidation difference, (ii) the net profit achieved in 2022 and (iii) equity as of 31 December 2022.



Denominazione e sede	Quota posseduta	saldo residuo 31/12/2022	PN al 31/12/2022, quota di pertinenza del gruppo	Utile/Perdita 2022, quota di pertinenza del gruppo
ICTANDSTRATEGY S.r.l.	100%	834.893	1.341.960	-17.498
PARTNERS4INNOVATION S.r.l.	100%	376.253	5.578.515	1.322.020
FPA S.r.l.	100%	471.573	1.060.224	241.479
Servicepro S.r.l.	100%	3.609.875	1.459.658	337.615
CT Mobi S.r.l.	100%	319.732	325.879	-4.796
ICT LAB PA S.r.l.	51%	1.204.419	881.849	236.994
IMAGE WARE S.r.l.	51%	1.411.423	1.224.941	386.069
Digital Sales S.r.l.	51%	172.933	196.178	133.220
BPS	70%	406.323	767.493	75.783
Del Monte & Partners Comunicazione S.r.l.	35,3%	179.135	159.462	31.394
Cryptonet Labs S.r.l.	75%	8.953.153	2.254.340	798.289
Methodos Group S.p.A.	100%	3.707.820	544.157	196.893
Digital Attitude S.r.l.	51%	476.965	198.913	29.210
Meridiana Italia S.r.l.	51%	3.166.480	625.144	429.719
Inside Comunicazione S.r.l.	51%	1.736.506	463.309	332.208
Smart Operations S.r.l.	100%	282.547	253.617	8.610
IMPACTO TIC SAS	51%	187.487	58.983	18.161
Netmedia SA	51%	439.266	131.555	84.873
X3 MEDIA SAS	51%	221.110	10.051	3.193
XONA SA	51%	338.931	54.904	27.097
Zubialink enterprises SA	51%	336.406	-28.901	1.406
Totale		28.833.230	17.562.231	4.671.940

At present, there are no signs of impairment that would suggest impairment losses. The expected future profitability of the companies suggests that the residual amount of consolidation differences is reasonable and recoverable.

The increase compared to the previous year also resulted from very recent acquisitions.

6) Assets under construction

As at 31 December 2022, this item amounted to EUR 178,222 (EUR 85,250 as at 31 December 2021).

The increase is due to the net effect:

- An increase of about €175,222, related to the different scope of consolidation, particularly related to the development of the LMS platform, a SaaS (Software as a Service) application developed by the company Corecube. This is a multilingual platform for the complete management of the training activities of a training organisation or individual company, both for classroom activities and for online and blended courses.
- Decrease of approximately EUR 82,000 for completion of the development of certain fixed assets reclassified to other classes and depreciated.



7) Other Intangible Assets

As at 31 December 2022, this item amounted to €1,983,579 (€818,348 as at 31 December 2021).

This item includes, among others, charges related to the listing on the AIM Italia market (now Euronext Growth Milan) of DIGITAL360 S.p.A., which took place during the 2017 financial year, now at the end of their amortisation process, and expenses related to the implementation and development of the unprotected ERP software used by Group companies.

The increase, in addition to the development of the ERP, is related to the multi-year charges incurred for the Group's internationalisation process in the amount of about EUR 1 million, investments in products and services (in both cases more fully described in the report), and the development and updating of the CRM system.

The different scope of consolidation affects the increase for the period by about EUR 260,000.

B II - Tangible fixed assets

Tangible fixed assets as at 31 December 2022 amounted to €1,179,095 (€603,360 as at 31 December 2021) and are broken down as follows:

Descrizione	31/12/2021	Incrementi	Variazione perimetro	Decrementi	Amm.to	31/12/2022
1) terreni e fabbricati						
Costo Originario	415.028		15.125			430.153
Ammortamenti	124.824				10.030	134.854
VN	290.204					295.299
2) Impianti e macchinari						
Costo Originario	12.453		36.690			49.143
Ammortamenti	1.282				2.582	3.864
VN	11.172					45.280
2) Attrezzature ind.li e comm.li						
Costo Originario	1.046		95.125			96.171
Ammortamenti	-				486	486
VN	1.046					95.685
4) altri beni						
Costo Originario	852.308	58.705	442.388			1.353.401
Ammortamenti	551.370				59.200	610.570
VN	300.938					742.831
Valore netto	603.360	58.705	589.328	0	72.298	1.179.095

The item land and buildings refers almost entirely to the building owned by ServicePro S.r.l., where the company's business is conducted.

The remaining tangible assets mainly refer to electronic machines and furniture and fittings owned by Group companies. Movements for the period almost entirely concern the purchase of personal computers and, above all, increases related to the change in the scope of consolidation. The amount refers to furniture,



personal computers and electronic machines in general.

B III - Financial fixed assets

This item as at 31 December 2022 amounted to €1,945,828 (€1,344,264 as at 31 December 2021).

The balance as at 31 December 2022 is broken down as follows:

- Euro 127,776 for shareholdings in non-consolidated subsidiaries due to insignificance and valued at cost. As already mentioned, the value represents the equity investment in the company Digital360 Uruguay (formerly Rometa SA), wholly owned through the company Digixem S.r.l., which in turn is wholly owned by D360, and the companies Textualist and Ycon acquired on 29 December and also wholly owned by Digixem;
- Euro 14,005 for investments in affiliated companies (Euro 17,155 as at 31.12.2021);
- Euro 94,895 for investments in other companies, (Euro 109,858 as of 31 December 2021);
- Euro 1,709,152 (Euro 1,217,252 as of 31 December 2021) representing other receivables mainly for severance indemnity insurance and directors' TFM for Euro 1,597,596. The increase for the year (Euro 491,900) is due to both the year's payments to insurance companies and the different consolidation area for Euro 424,644.

Below is a list of the participations held:

a) Associated companies

Denominazione e sede	Capitale sociale	Patrimonio netto	Utile/Perdita d'esercizio	Quota posseduta	Valore di bilancio
Sparkling Lab Sagl (CH)	30.000 CHF	55.091	449	40,00%	14.005
Totale					14.005

The figures for Shareholders' Equity and Profit/Loss for the year of Sparkling Lab Sagl refer to 31/12/2021

b) Other enterprises



Denominazione e sede		Capitale sociale	Patrimonio netto	Utile/Perdita d'esercizio	Quota posseduta	Valore di bilancio
AppQuality S.r.l.	a)	18.954	2.022.273	-1.692.129	5,79%	1.547
Club Italia investimenti S.p.A.	b)	5.640.821	4.904.443	332.868	0,003%	300
Digital Magics S.p.A.	a)	9.834.677	24.776.328	-3.297.220	0,07%	37.500
Ridemovi S.p.A.	a)	120.026	11.796.648	-353.457	0,88%	2.438
Primo round S.r.l.	a)	14.286	46.295	10.989	15,00%	28.018
Consorzio EHT SCPA	a)	2.500.000	4.580.507	1.166.519	0,40%	18.000
Cervellotik S.r.l.	a)	15.500	210.442	-36.337	18,93%	2.935
Eurofidi		n.d	n.d	n.d	n.d	550
Altre minori		n.d	n.d	n.d	n.d	3.607
Totale						94.895

- a) Balance Sheet Data as at 31.12.2021
- b) The figures of Shareholders' Equity and Profit/Loss for the year of Club Italia Investimenti S.p.A. are referred to 30/06/2021, the closing date of the company's fiscal year.

As also mentioned in the reports on previous years, extraordinary transactions have recently taken place for some investee companies, consisting of capital increases and/or the entry of industrial partners in the share capital, which suggest that the current balance sheet values, measured at historical cost, may include some significant 'value reserves'.

An initial assessment of the fair value of these assets would lead to a valuation of the portfolio that would certainly be higher than its current carrying value.

During the year, the remaining shareholding in S.A.T.A. was sold, resulting in the recognition of a capital gain of about EUR 100,000; the shareholding in IDRI, on the other hand, was completely written down following its termination, with a very limited impact on the financial statements (about EUR 14,000).

C) Current assets

As at 31 December 2022, this item amounted to €56,097,496 (€27,530,942 as at 31 December 2021), comprising €12,702,430 in inventories, €29,763,109 in receivables, and €13,631,957 in cash and cash equivalents.

C I - Inventories

As of 31 December 2022, this item amounted to 12,702,430 and consisted entirely of contracted work in progress of the newly acquired company Meridiana Italia S.r.l., recognised on the basis of contractual payments accrued in respect of long-term contracts with the public administration. This item should be read, for the sake of clarity, together with the item "Advances" in the Balance Sheet Liabilities, an item also referable to contractual advance invoicing.



C II - Credits

Receivables in current assets amounted to €29,763,109 and are composed as follows:

Crediti	31/12/2022	31/12/2021
1) Verso clienti	26.347.231	13.845.746
4-bis) crediti tributari	2.157.247	442.053
4-ter) imposte anticipate	256.316	133.592
5) verso altri	1.002.315	408.817
Totale	29.763.109	14.830.208

The change in receivables from the beginning of the period is mainly attributable to:

- the increase in trade receivables of €12,501,485 (+90%). Approximately 9,976,000 euros of the increase over the end of the previous year is due to the different consolidation perimeter, and the remainder is related to the increase in revenue during the year; more specifically, with the same consolidation perimeter, the increase would have been 18%;
- the increase in tax receivables, due to the combined effect of the increase related to the new perimeter, euro 783,975, the increase in IRES and IRAP receivables for about 623,000, and the recognition of payables for training 4.0 for about euro 400,000. Details on tax credits are shown below.
- The increase in deferred tax assets of €122,724, due to the increase in the scope of consolidation of €125,212, net of utilisations, which were not significant, for the period.
- increase in the item other receivables for about €593,498, mainly related to the consolidation scope for about €591,000.

The breakdown by maturity date of receivables as at 31 December 2022 is as follows:

Crediti	Entro 12 mesi	Oltre 12 mesi	31/12/2022
1) Verso clienti	26.347.231	-	26.347.231
4-bis) crediti tributari	2.157.247	-	2.157.247
4-ter) imposte anticipate	256.316	-	256.316
5) verso altri	970.290	32.025	1.002.315
Totale	29.731.084	32.025	29.763.109

The breakdown of receivables by geographic area as at 31 December 2022 is shown below:

Crediti	Italia	UE	Extra UE	Totale
1) Verso clienti	24.941.439	787.803	617.989	26.347.231
5) verso altri	992.702	-	9.613	1.002.315
Totale	25.934.141	787.803	627.602	27.349.546



The stocks and changes in the items are detailed below:

1) Receivables from customers

Trade receivables, which totalled €26,347,231, are adjusted by means of an allowance for doubtful accounts of €304,885 (€298,400 as at 31 December 2021) in order to bring their nominal value down to their estimated realisable value.

The change in the year was commented on above. The different perimeter compared to last year makes a comparison between the growth in receivables, amounting to 90%, and the growth in revenues, amounting to 64%, inconsistent. The latter are in fact accounted for, for the companies that entered the perimeter in the current year, from the date of acquisition. A comparison on a like-for-like basis, pro forma 2022 vs. 2021, shows an increase in receivables (+90%) slightly higher than the increase in pro forma revenues (equal to 85%).

4-bis) Tax Credits

They amount to EUR 2,157,248 (EUR 442,053 as at 31 December 2021). Details are given below:

Descrizione	31/12/2022	31/12/2021
IRES	606.503	1.760
IRAP	282.982	47.075
IVA	356.052	171.744
Credito d'imposta Super ACE	-	90.221
Altri crediti	911.710	131.253
Totale	2.157.248	442.053

The increase in this item has already been commented on above.

Other receivables mainly include: i) tax credits accrued on R&D activities relating to 2022, plus a residual 2020 and 2021 still to be used for offsetting in the amount of about €420,000, ii) tax credits for Training 4.0 amounting to about €400,000.

4-ter) Deferred tax assets

The item includes deferred tax assets totalling €256,316. This value refers to the recognition of deferred tax assets calculated on temporary differences for costs deductible in future years and on tax losses. For further details, please refer to the specific table attached to comment on taxes.

5) Receivables from others

They amounted to a total of €1,002,315 (€408,817 as at 31 December 2021) and are composed as follows:

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Descrizione	31/12/2022	31/12/2021
Depositi cauzionali	90.063	59.800
Ant. A fornitori	610.150	245.485
Crediti vs personale	24.867	-
Altri crediti	277.235	103.532
Totale	1.002.315	408.817

As previously mentioned, the increase is mostly related to the different scope of consolidation (for about €591,000).

C IV - Cash and cash equivalents

Cash and cash equivalents amounted to €13,631,957 and were composed as follows:

Descrizione	31/12/2022	31/12/2021
Depositi bancari e postali	13.614.519	12.695.951
Cassa	17.438	4.783
Totale	13.631.957	12.700.734

The companies in the new perimeter show a balance of 5,144,179. Commenting on this single item of the NFP seems scarcely significant because it must be examined as a whole together with financial payables: for a more complete analysis of this item, therefore, please refer to what is more fully said about the Group's Net Financial Position in the Report on Operations and to the cash flow statement table.

D) Prepayments and accrued income

They amounted to €1,355,863 (€691,572 as at 31 December 2021) and mainly refer to deferrals for costs pertaining to future periods.

In particular, this item includes, among others, prepaid expenses for rented office space and the cost of software licences whose duration straddles the year.



The increase is related to the effect of a perimeter differential of euro 506,707 and to the deferral of opening commissions on loans received from Banca Illimity (discussed in the Report) in the amount of about euro 140,000, which were reversed to the income statement based on the duration of the loan. Details are shown in the table below:

Ratei e risconti attivi	31/12/2022	31/12/2021
Ratei attivi	39.903	10.762
Risconti attivi	1.315.962	680.810
Totale	1.355.864	691.572



Liabilities

A) Net assets

Consolidated shareholders' equity is made up as follows:

Descrizione	31/12/2022	31/12/2021
I. Capitale Sociale del gruppo	2.055.035	1.897.546
II. Riserva Sovrapprezzo Azioni	15.685.388	10.884.540
III. Riserva di Rivalutazione	-	-
IV. Riserva Legale	105.834	16.897
V. Riserve Statutarie	-	-
VI. Altre riserve:		
Riserva di consolidamento	39.353	-
Riserve avanzo da fusione	20.964	20.964
Altre riserve	26.706	26.706
Riserva Arr.to Euro	(5)	(6)
VII. Riserva copertura flussi finanziari attesi	(804)	(4.654)
X. Riserva negativa azioni proprie in portafoglio	(461.614)	(113.239)
VIII. Utili (perdite) a nuovo del gruppo	1.823.003	108.108
IX. Utile (perdita) dell'esercizio del gruppo	1.292.767	1.803.835
TOTALE PATRIMONIO NETTO del gruppo	20.586.628	14.640.697
Capitale e riserve di terzi	4.964.673	1.581.597
Utile (perdita) di esercizio di pertinenza di terzi	1.281.174	165.368
TOTALE PATRIMONIO NETTO di terzi	6.245.847	1.746.965
Totale PATRIMONIO NETTO	26.832.475	16.387.661

The sum of items VIII and IX in 2021 does not coincide with item VIII in 2022 for the portion of profit allocated to the legal reserve, as better shown in the table below.

The reconciliation statement between the parent company's equity and result and the values in the Consolidated Financial Statements can be found in Appendix 2.

The following table summarises the changes in the DIGITAL360 Group's equity accounts during the year 2022.



Descrizione	Saldo al 31/12/2021	Destinazione risultato eser. prec.	Aucap conv PO (a)	AUCAP Sottoscrizioni	Altri movimenti	Effetti variazione perimetro	Risultato dell'eserc.	Saldo al 31/12/2022
Capitale sociale	1.897.546	-	66.100	91.388	-	-	-	2.055.035
Riserva da sovrapprezzo azioni	10.884.540	-	991.500	3.809.348	-	-	-	15.685.388
Riserva legale	16.897	88.937	-	-	-	-	-	105.834
Altre riserve:								
<i>Riserva di consolidamento</i>	-	-	-	-	39.353	-	-	39.353
<i>Riserva avanzo da fusione</i>	20.964	-	-	-	-	-	-	20.964
<i>Altre riserve</i>	26.706	-	-	-	-	-	-	26.706
<i>Riserva Arr.to Euro</i>	(6)	-	-	-	1	-	-	(5)
Ris. copertura flussi finanziari attesi	(4.654)	-	-	-	3.851	-	-	(804)
Riserva neg. Per acq. Az. Proprie	(113.239)	-	-	-	(348.375)	-	-	(461.614)
Utili (Perdite a nuovo)	108.108	1.714.898	-	-	(3)	-	-	1.823.003
Risultato dell'esercizio	1.803.835	(1.803.835)	-	-	-	-	1.292.767	1.292.767
Totale	14.640.697	-	1.057.600	3.900.736	(305.173)	-	1.292.767	20.586.628
Utili (Perdite a nuovo)	1.581.596	165.368	-	-	-	3.217.709	-	4.964.673
Risultato dell'esercizio	165.368	(165.368)	-	-	-	-	1.281.174	1.281.174
Totale Patrimonio Netto di terzi	1.746.965	-	-	-	-	3.217.709	1.281.174	6.245.847
Totale Patrimonio Netto	16.387.661	-	1.057.600	3.900.736	(305.173)	3.217.709	2.573.941	26.832.475

(a) Capital increase by conversion of the convertible bond loan

I - Share Capital

As of 31 December 2022, the fully paid-up share capital of the parent company DIGITAL360 S.p.A. amounted to €2,055,034. The increase with respect to 31 December 2021 was determined by: i) the exercise of 661 Convertible Bonds (of the 687 remaining), for a nominal value of euro 1,057,600, which allowed, according to the loan regulations, the subscription of 661,000 shares, on the occasion of the fifth, and last, conversion period from the Convertible Bond Loan (POC), ii) the subscriptions of the capital increases related to the acquisitions discussed in detail in the report on operations.

II - Share Premium Reserve

As at 31 December 2022, the Share Premium Reserve of the parent company DIGITAL360 S.p.A. amounted to €15,685,388, the increase is related, as for share capital, to both the conversion of the POC and the subscription of capital increases related to acquisitions.

IV - Legal Reserve

As at 31 December 2022, the Legal Reserve amounted to €105,835, following the allocation of the legal portion of the profit resulting from the approval of the parent company's 2021 financial statements.

IV - Negative reserve for purchase of own shares

As at 31 December 2022, the (negative) reserve for the purchase of treasury shares amounted to EUR (461,614) and consisted of the countervalue of 135,653 DIGITAL360 shares purchased between 2018 and 2022. The carrying value of the securities, EUR 3.40, is approximately EUR 1.5 lower than its current stock



market price, highlighting a potential reserve of value. For further details on the purchase plan, please refer to the Report on Operations.

VI - Merger Surplus Reserve

The item Merger Surplus Reserve of €20,964 is the result of mergers in previous years. No changes occurred during the year.

VII - Other Reserves

This item is made up of (i) a cash flow hedge reserve of €(804), net of deferred tax assets, related to the fair value as of 31 December 2022 of a derivative instrument hedging the change in the variable interest rate of a loan taken out in February 2019 and (ii) other reserves of €26,706, which did not change during the period.

X-Profits (Losses) to new group

Retained earnings (losses) of the group amounted to €1,823,003, which increased due to the allocation of the 2021 profit.

IX- Profit (Loss) for the year

The profit for the period amounted to EUR 2,573,941, of which EUR 1,292,767 belonged to the Group and EUR 1,281,174 to third parties.

B) Provisions for risks and charges

Provisions for risks and charges as of 31 December 2022 amounted to euro 938,896 (euro 705,415 as of 31 December 2021) and consisted of the provision for Directors' severance indemnity for euro 643,148 and the provision for fair value risks, for euro 1,057, related to the hedging derivative instrument (IRS) mentioned above; the value of the IRS is gross of deferred tax assets recognised in the balance sheet.

The provision for deferred taxes refers to the non-recognition for tax purposes of the revaluation, pursuant to Italian Legislative Decree 104/2020, of the "Meridiana Italia" brand (company acquired in 2022) with the consequent emergence of a temporary difference between the book value of the revalued asset and its value for tax purposes. Taxes are calculated for IRES and IRAP purposes.

C) Severance pay

It amounts to €4,113,709 (€2,355,347 as at 31 December 2021) and represents the accrued debt to



employees as at 31 December 2022. Below we provide details of the movements in the period:

Saldo al 01/01/22	2.355.347
Accantonamento	1.161.005
Trasferimenti da altre società	15.515
TFR liquidato	(339.654)
Versamento ad altri Fondi	(214.774)
Variazioni perimetro consolidamento	1.136.269
Saldo al 31/12/2022	4.113.709

D) Payables

Payables amounted to €65,889,788 (€22,943,931 as at 31 December 2021) and are composed as follows:

Descrizione	31/12/2022	31/12/2021
1) verso soci per finanziamento	366.970	-
2) Obbligazioni convertibili	-	1.099.200
4) debiti verso banche	26.885.388	8.522.367
5) debiti verso altri finanziatori	1.011.104	76
6) acconti	13.383.033	652.986
7) debiti verso fornitori	10.828.838	6.690.168
8) Debiti rappresentati da titoli di credito	166.214	-
12) debiti tributari	2.644.897	1.152.501
13) deb. verso istituti di previdenza e assistenza	1.086.192	657.221
14) altri debiti	9.517.152	4.169.412
Totale	65.889.788	22.943.931

The main reasons for the sharp increase in the balance compared to 31 December 2021 are shown below:

- The increase in payables to shareholders for loans is entirely attributable to the different scope of consolidation;
- Zeroing of the item "Convertible Bonds" following the conversion into shares of the last tranche of the convertible bond (POC) in the June window, given the extreme convenience due to the share price well above the 'strike price' of EUR 1.60 ;
- increase in amounts due to banks: this effect, totalling 18,363,021 euros, is attributable in part to the different consolidation perimeter, approximately 2,344,000 euros; the remainder, approximately 16 million euros, to the balance between new loans obtained during the period (18.8 million euros) and repayments made during the period. As already explained in the report on operations, in order to support the acquisition process planned for the year, DIGITAL360 concluded during the year (directly and through its subsidiaries) several medium- and long-term financing contracts (four to six years in total duration): in addition to Banco BPM and Credem, which financed the Group for a total of 4.8 million euros, DIGITAL360 signed three financing contracts with Illimity



Bank S.p.A. in June. The loans will provide the Group with a further EUR 16.5 million (of which EUR 14 million has already been disbursed as at 31 December 2022) aimed at supporting the acquisition programme, and which provides for the use of the Group's own resources in addition to the use of third-party financial resources.

All loans were granted at variable rates, the company is considering hedging to minimise the risk of rising interest rates ;

- The increase in the item payables to other lenders refers for about €869,000 to the new perimeter. More specifically, the item includes payables to SIMEST and Invitalia for about €500,000 and payables to the Spanish subsidiary BPS and Del Monte for the remainder;
- increase in advances from customers, entirely attributable to the companies Imageware and especially Meridiana Italia. This item, for job orders not yet completed at the end of the current year, includes the amounts invoiced to customers as advance payments or down payments on progress. The increase for the period (€12,730,047) is entirely attributable to the inclusion of Meridiana Italia, which works on medium- and long-term job orders with the public administration;
- increase in trade payables of EUR 4,138,670 million. About 76% of this change (about EUR 3.1 million) is attributable to the different scope of consolidation, and the difference to the growth in expenses associated with the growth in business volumes. The like-for-like growth is less than proportional to the growth in revenue;
- increase in tax payables due to the net effect of the new perimeter of €1,576,000 and decrease, on a like-for-like basis, of about €74,000. On a like-for-like basis, the decrease in payables for direct and indirect taxes of about €192,000, mainly due to the higher advances paid in 2022 compared to 2021, is offset by an increase in payables for withholding taxes and IRPEF of about €118,000, closely related to the increase in personnel and employees;
- an increase in payables to social security institutions of €428,971: the change is mainly related to the increase in the number of employees compared to the previous period; the newly acquired companies contribute €384,275 to the increase in the balance. The number of employees as at 31 December 2022 was 671, compared to 293 as at 31 December 2021;
- Other payables show an increase of €5,347,740 due to the combined effect of i) changes in the scope of consolidation for approximately €1,303,000, ii) an increase in payables for the residual payment of acquired equity investments (vendor loan), which increased from €2,565,000 as of 31 December 2021 to almost €7 million as of 31 December 2022, and, finally, iii) an increase in payables, mainly to personnel for salaries, additional month's pay and other deferred charges, for the remainder.



The following is a breakdown of the maturity of payables as at 31 December 2022:

Debiti	Entro l'esercizio successivo	Oltre l'esercizio successivo	31/12/2022
1) verso soci per finanziamento	366.970	-	366.970
4) Debiti verso banche	3.702.055	23.183.333	26.885.388
5) debiti verso altri finanziatori	572.721	438.383	1.011.104
6) acconti	13.383.033	-	13.383.033
7) Debiti verso fornitori	10.828.838	-	10.828.838
8) Debiti rappresentati da titoli di credito	166.214	-	166.214
12) Debiti tributari	2.644.897	-	2.644.897
13) Deb. verso istituti di previdenza e assistenza	1.086.192	-	1.086.192
14) Altri debiti	9.350.152	167.000	9.517.152
Totale	42.101.072	23.788.716	65.889.788

Foreign payables amounted to euro 2,129,387.

4) Due to Banks

As at 31 December 2022, they amounted to €26,885,388 (€8,522,367 as at 31 December 2021) and are broken down by maturity as follows:

Descrizione	Entro l'esercizio successivo	Oltre l'esercizio successivo	31/12/2022
Apertura credito in c/c	-	-	-
C/ Anticipi	-	-	-
Finanziamenti a medio termine	3.702.055	23.183.333	26.885.388
Totale	3.702.055	23.183.333	26.885.388

There are no third-party guarantees on the company's assets.

The portion of debt due beyond five years amounts to EUR 2.4 million.

6) Advances

As at 31 December 2022, this item amounted to €13,383,033 (€652,986 as at 31 December 2021). These are advance payments received from customers related to job orders not yet completed, the increase has already been commented on previously.

Almost all of the advances relate to medium- and long-term orders of the subsidiary Meridiana Italia.

7) Payables to Suppliers

As at 31 December 2022, this item amounted to a total of €10,828,838, an increase of about 62% compared to 31 December 2021, as previously mentioned.



12) Tax Payables

They amounted to €2,644,897 as at 31 December 2022 (€1,152,501 as at 31 December 2021). The item Taxes payable includes liabilities for certain and determined taxes, VAT and liabilities for withholding taxes as withholding agent.

Here are the details:

Debiti tributari	31/12/2022	31/12/2021
IRES	771.453	292.021
IRAP	261.460	164.550
IVA	370.734	183.882
Ritenute acconto, Irpef	1.137.242	503.223
Altri debiti	104.008	8.825
Totale	2.644.897	1.152.501

The movement of this item has been commented on above.

13) Payables to social security institutions

Payables to pension and social security institutions as at 31 December 2022 amounted to €1,086,192 (€657,221 as at 31 December 2021), the item mainly refers to payables to INPS and social security funds. The increase is in line with the increase in personnel costs.

As at 31 December 2022, there were no overdue and unpaid debts.

14) Other debts

Other payables as at 31 December 2022 amounted to €9,517,152 (€4,169,412 as at 31 December 2021).

Altri debiti	31/12/2022	31/12/2021
Debiti vs dipendenti	2.689.146	1.303.572
Altri debiti	6.828.006	2.865.840
Totale	9.517.152	4.169.412

Below is a breakdown of other debts according to maturity:

Altri debiti	Entro 12 mesi	Oltre 12 mesi	Totale
Debiti vs dipendenti	2.689.146	-	2.689.146
Altri debiti	6.661.006	167.000	6.828.006
Totale	9.350.152	167.000	9.517.152



Payables to employees referring to the month of December 2022 were fully paid, according to the ordinary due dates, in the days immediately following the reference date.

The increase in payables to employees is in line with the increase in personnel costs.

The decrease in other payables has already been commented on above.

E) Accrued expenses and deferred income

These amounted to €1,586,210 as of 31 December 2022 (€2,097,795 as of 31 December 2021) and mainly consisted of deferred revenue pertaining to subsequent periods.

In spite of a contribution related to the delta perimeter of about EUR 211,000, the overall decrease was due to lower advances on invoices granted by customers, especially in the advisory area, compared to the previous year.

Ratei e risconti passivi	31/12/2022	31/12/2021
Ratei passivi	475.854	163.874
Risconti passivi	1.110.357	1.933.921
Totale	1.586.210	2.097.795



Comments on the items in the Consolidated Profit and Loss Account

As extensively discussed in the Management Report, 2022 was full of significant new developments, with a significant acceleration of DIGITAL360's strategic expansion plan, a strong organisational strengthening, and growth in numbers and prospects. Compared to 2021, the 2022 balance sheet was enriched by no less than 15 new companies, of which 7 abroad, in most cases acquired during the second half of 2022.

The new entries have significantly changed the scope of consolidation, making the reading of the statutory data more complex in their comparison with 2021, especially as regards the economic data: in fact, the completed acquisitions are economically consolidated in the financial statements on a *pro rata temporis basis* and have a still limited impact on the Group's result, shown in the 'reported' data commented below.

Due to the lack of homogeneity of the data for the two years under comparison, the changes referring to the "reported" data have been highlighted and commented on below, but the pro-forma data of the income statement has also been highlighted alongside the balance sheet values, simulating the effect of consolidation as if it referred to the entire year. The pro-forma data, highlighted for information purposes and not subject to audit, are therefore useful to better represent the management effects of the acquisitions on the Group's business and the overall dimensional impact of costs and revenues, as well as to facilitate the comparison with the results to come in the following year.

A) Production value

The value of production amounted to EUR 59,664,291 (35,983,768 as at 31 December 2021, +65.8%) and was made up as follows:

Valore della produzione	31/12/2022	31/12/2021
Ricavi per prestazioni di servizi	55.327.387	33.655.684
Variazioni lavori in corso su ordinazione	(349.299)	17.050
Incrementi di immobilizz. per lavori interni	3.248.711	1.582.981
Altri ricavi e proventi	1.437.492	728.053
Totale	59.664.291	35.983.768

As already commented in the report, revenue from services earned as at 31 December 2022 amounted to €55,327,387, an increase of 64.4% compared to the same period in 2021, when they amounted to €33,655,684. The effect of the new scope is EUR 11.2 million.



The changes in the scope of consolidation in the current and past years make the figures presented in this way not easy to interpret. Normalising the figures and comparing the 2022 pro-forma figure (amounting to 76.6 million) with the 2021 pro-forma figure shows a growth of 38.8 million, or 90%, of which 35.2 million was brought about by the new 2022 acquisitions.

On a like-for-like basis, the growth of the companies present at 31.12.2021 would have amounted to EUR 3.6 million (11%).

The total production value amounted to EUR 59.66 million, compared to EUR 35.98 million in the previous year, an increase of 65.8%.

The advisory area, in which more acquisitions were recorded, contributed more than significantly to the revenue growth.

Annual Recurrent Revenue (Annual Recurrent Revenue) from Digital-As-A-Service services continues to represent a portion of revenue from which the Group benefits significantly.

The value of production also includes the item "Increases in fixed assets for internal work" in the amount of €3,248,711, which doubled compared to the previous year (€1,582,981 as at 31 December 2021) due to the combined effect of: the change in the scope of consolidation for about €394,000 on the one hand, new projects, including the massive internationalisation process, and development activities exposed in connection with and supported to a large extent by internal work, on the other.

Other revenues and income" amounted to Euro 1,437,492, and included, among others, contributions for the R&D and 4.0 tax credit in the amount of Euro 250,000 and 400,000, respectively.



B) Production costs

Costs of production as at 31 December 2022 amounted to EUR 55,024,646 (EUR 32,360,404 as at 31 December 2021).

Costi della produzione	31/12/2022	31/12/2021
6) per mat. prime, sussidiarie, di consumo e merci	30.505	30.113
7) per servizi	28.414.248	16.460.742
8) per godimento beni terzi	1.098.997	696.883
9) per il personale	19.467.804	11.351.988
10) ammortamenti e svalutazioni	5.025.700	3.325.071
12) Accantonamento per rischi	5.324	-
14) Oneri diversi di gestione	982.068	495.606
Totale	55.024.646	32.360.404

The increase compared to the corresponding period of 2021 is 70% (EUR 22,664,242), by 2.3 percentage points as a percentage of revenue, from 89.9% to 92.2%. In detail, the change consists of the following:

- Higher costs for services of approximately EUR 11.9 million, mainly related to (i) the different scope of consolidation for EUR 4.9 million, (ii) higher costs related to the resumption of in-person events throughout the year (in 2021, in-person events had in fact only resumed in the second part of the year given the restrictions related to the pandemic still in place), (iii) to the general increase in costs for consultancy, personnel recruitment and travel expenses as in-person work at some customers and overseas travel in Latam for training and development of the newly acquired companies resumed.

Also for this item, the strongly changing scope of consolidation does not facilitate a comparison of the data. Analysing the pro forma data, the increase in costs was 92.7%, slightly higher than revenues, which showed an increase of 90%. As a percentage of pro-forma revenues, it rose from 84.4% to 88.1%.

- The increase in costs for the use of third-party assets is almost exclusively related to the new scope of consolidation, amounting to about EUR 260,000;
- The increase in personnel expenses of about EUR 8.1 million is attributable to (i) the increase in headcount (55 additional employees compared to 31 December 2021 on a like-for-like basis, 209 in absolute terms), necessary to support higher production volumes and the incentives paid to personnel recognised on results achieved, and (ii) the different scope of consolidation, which accounts for EUR 3.6 million;



- increase of approximately €1.7 million in depreciation, amortisation and write-downs, of which €0.9 million was attributable to changes in consolidation differences following the acquisitions made in the half-year, and €0.3 million to the consolidation effect.

Going into detail on the individual items that make up production costs:

6) For subsidiary raw materials, consumables and goods

Costs for the purchase of consumables and goods amounted to €30,505 (€30,113 as at 31 December 2021) and related to purchases of consumables of a mainly administrative nature.

7) For services

Expenses for services amount to EUR 28,414,248 (EUR 16,460,742 as at 31 December 2021), details and a comparison with the corresponding period of 2021 are provided below:

Costi della produzione per servizi	31/12/2022	31/12/2021
Spese per professionisti dedicati ai progetti	8.097.443	6.565.435
Costi diretti di produzione	14.313.741	7.027.712
Consulenze professionali	944.914	380.231
Spese viaggio	814.825	394.088
Costi commerciali e pubblicità	663.634	163.386
Costi IT e tecnologia	1.764.175	1.360.710
Costi amministratori, Collegio sindacale, ODV	1.200.749	548.940
Oneri bancari	39.019	4.561
Altri servizi	575.747	15.679
Totale	28.414.248	16.460.742

Costs for services showed an increase in absolute value of EUR 11,953,506, of which about EUR 4.9 million related to the delta perimeter.

The costs incurred for professionals dedicated to projects include both services in the 'Advisory' area (e.g. professionals involved in consultancy projects, etc.) and in the 'Demand Generation' area (e.g. for the drafting of articles for the Group's publications, for external experts' interventions at events organised by Group companies, etc.), as well as services in the technical and technological, administrative, tax and legal areas.

The main changes have already been commented on above.



8) For use of third party assets

These expenses amounted to €1,098,997 (€696,883 as of 31 December 2021) and mainly related to expenses incurred for renting offices used by the Group in Italy and abroad. The change has already been previously commented on.

9) Personnel Expenses

They amounted to €19,467,804 (€11,351,988 as at 31 December 2021). This item includes the entire expense for employees, including merit improvements, category transitions, contingency increases, the cost of untaken leave, and provisions required by law and collective agreements. The reason for the increase in this cost item has been anticipated a little earlier, the incidence on revenues increases by one and a half percentage points compared to the corresponding 2021 financial year, also due to the entry of managerial professional figures with the aim of fostering the integration of the Group and supporting the already started international development.

The composition of the workforce is set out in the 'Other Information' section of these Notes to the Financial Statements.

10) Depreciation and Amortisation***a) Amortisation of intangible fixed assets***

These expenses amounted to EUR 4,847,611 (EUR 3,191,825 as at 31 December 2021).

The amount as at 31 December 2022 shows an increase of approximately EUR 1,655,786 compared to 31 December 2021 and includes the amortisation of consolidation differences in the amount of EUR 2,220,229 (approximately EUR 1,351,550,000 as at 31 December 2021).

Slightly more than half of the increase is therefore attributable to consolidation differences related to acquisitions made during the year, the remainder to the change in the scope of consolidation in the amount of about Euro 0.3 million, and to capital expenditure for the period for the remainder.

b) Depreciation of tangible fixed assets

Depreciation of tangible assets amounted to EUR 167,439 (EUR 85,259 as at 31 December 2021).

c) Write-down of receivables recorded as current assets

The alignment of receivables to their presumed realisable value led to a provision in the period of €12,980. Despite the general macroeconomic trend, the Group has so far not had any significant problems in recovering its receivables. The company has always had primary customers as counterparties, characterised by high equity solidity and reliable solvency.

14) Operating expenses

Operating expenses amounted to EUR 982,068 (EUR 495,606 as at 31 December 2021) and are broken down as follows:

Oneri diversi di gestione	31/12/2022	31/12/2021
Sopp. Passive	214.023	139.150
Erogazioni liberali	66.000	48.507
Viaggi e rappresentanza	295.204	141.473
Cancelleria e materiale di consumo	22.309	10.252
Tasse, bolli e vidimazioni	80.898	24.899
Quote associative	17.226	22.372
Perdite su crediti	143	-
Altri oneri	286.265	108.953
Totale	982.068	495.606

There were no significant or abnormal changes compared to the same period last year, the item travel and representation reflects the upturn in customer visits and increased mobility in general compared to the first half of 2021.

The effect of the delta perimeter amounted to about Euro 255,000.

C) Financial income and expenses

16) Other Financial Income

This item showed a balance of €43,688 as at 31 December 2022, mainly consisting of interest income on financial assets (€3,019 as at 31 December 2021).



17) Interest and Financial Charges

This item amounted to €644,805 (€329,021 as of 31 December 2021) and refers for approximately €60,000 to financial expenses related to the Convertible Bond Loan (C.O.P.) issued at the time of the IPO for the value of €2 million (fixed rate 4.50%), which expired and was fully converted in June 2022. For the remainder, to interest expenses and charges for bank loans. The bulk of the new loans in the period were taken out between the end of May and June, and therefore only accounted for half of the year's interest. The delta perimeter of consolidation accounts for approximately EUR 52,000.

17-bis) Foreign Exchange Gains and Losses

This item showed a positive balance of EUR 27,100 (EUR 1,105, positive, as at 31 December 2021).

D) Value Adjustments on Financial Assets

The balance as at 31 December 2022, euro 28,576, refers to the complete write-down of a couple of participations in associated companies as a consequence of the non-recoverability of the investment (specifically, the Idri companies and a German company held by the Methodos group).

TAXES**22) Current, Deferred and Prepaid Income Taxes for the Year**

The period under review was burdened by current taxes of EUR 1,504,022 (EUR 1,219,279 as at 31 December 2021).

The item deferred tax assets shows a provision of €1,541, compared to a utilisation of €116,296 in the previous year, which was mainly due to the utilisation of the ICT company's past losses accumulated prior to the signing of the tax consolidation option.



The table below shows deferred tax assets as at 31 December 2022.

RILEVAZIONI DELLE IMPOSTE DIFFERITE ED ANTICIPATE ED EFFETTI CONSEGUENTI	Ammontare delle differenze temporanee	Effetto fiscale
Imposte anticipate:		
Costi deducibili in esercizi successivi (IRES)	22.312	5.356
Costi deducibili in esercizi successivi (IRAP)	-	-
Costi dedotti da esercizi precedenti (IRES)	(15.459)	(3.710)
Costi dedotti da esercizi precedenti (IRAP)	(2.650)	(103)
Perdite deducibili in esercizi successivi (IRES)		-
Perdite recuperate nell'esercizio (IRES)	-	-
Totale		1.541

Determinazione dell'imponibile IRES		
	31/12/2022	31/12/2021
Risultato prima delle imposte	3.986.615	3.303.963
Onere fiscale teorico (aliquota 24%)	956.788	792.951
Differenze temporanee tassabili	75.147	80.338
Differenze temporanee deducibili	-	-
Rigiro delle differenze temporanee da esercizi precedenti	(1.085.664)	(831.587)
Differenze che non si riverseranno negli esercizi successivi	(211.102)	(165.120)
Ammortamento differenza consolidamento	2.220.229	1.351.550
Imponibile fiscale	4.985.225	3.739.144
Imposte correnti sul reddito dell'esercizio	1.196.454	897.395
Aliquota effettiva	30,01%	27,16%

Determination of IRAP taxable income		
	31/12/2022	31/12/2021
Difference between value and cost of production	4.639.645	3.623.364
Costs not relevant for IRAP purposes	14.763.176	12.112.361
Deductible costs due to specific legal provisions	10.773.650	8.373.663
Total	8.629.171	7.362.062
Theoretical tax burden (tax rate 3.9%)	336.538	287.120
Taxable temporary differences	-	-
Deductible temporary differences		
Permanent differences	1.352.953	3.278.528
Amortisation of consolidation difference	2.220.229	1.351.550
Reversal of temporary differences from previous years	-	-
Taxable income	8.212.827	8.253.442
Current income taxes for the year	320.300	321.884
Imputed advance DL 34/2020 Art.24		
Net tax	320.300	321.884
Effective rate	6,90%	8,88%



OTHER INFORMATION

Human Resources

As at 31 December 2022, the number of Group employees was 671, and was composed as follows:

QUALIFY	30.06.2022	31.12.2021
Managers	5	1
Quadri	46	27
Employees	529	190
Others (fixed-term employees)	91	75
TOTAL	671	293

As already commented in the report, the increase in resources as at 31 December 2022 compared to the end of last year was 309, of which 154 were attributable to the consolidation of the companies acquired during the year, and the remainder to the growth of the workforce on a like-for-like basis (+9%). The growth in the workforce testifies to the company's ability to create real job opportunities even in a period like the current one, still conditioned by an uncertain macroeconomic scenario.

Information on financial fixed assets carried at a value higher than *fair value*

(Ref. art. 2427-bis first paragraph point 2, C.C.)

There are no financial fixed assets in the Group recognised in the Consolidated Financial Statements at a value higher than their *fair value*.

Information on financial instruments issued by the Group

(Ref. art. 2427, first paragraph, no. 19, C.C.)

DIGITAL360 S.p.a., as fully described in the Report on Operations, issued the following financial instruments:

- Shares: IT0005254252
- Convertible Bonds: IT0005254484, as at 30 June this instrument closed according to its schedule.



Information on the *fair value of derivative financial instruments*

(Ref. art. 2427-bis, first paragraph, no. 1, C.C.)

In the year 2019, the company entered into an IRS (Interest Rate Swap) hedging derivative product to hedge the interest rate risk of a bank loan, at variable rate, contracted with Unicredit. The original amount of the loan was euro 500 thousand maturing in 2024, the outstanding debt as at 31 December 2022 amounted to euro 253 thousand.

The effects of changes in the market value of the instrument are recorded in the balance sheet.

Own shares and shares in parent companies

As of 31 December 2022, the company held 135,653 treasury shares, equal to 0.65% of the share capital, at a weighted average price of EUR 3.4 for a total value of EUR 461,614.

Remuneration of corporate bodies for the period

The remuneration allocated for the period for the Board of Directors of DIGITAL360 S.p.A. amounts to EUR 217,800.

The remuneration allocated to the Board of Statutory Auditors and the auditing firm totalled EUR 41,256.

For the Board of Directors

The Managing Director

Filippo Babaro



Annex 1 - Financial Statements

Rendiconto Finanziario 31 dicembre 2022	31/12/2022	31/12/2021
A. Flussi finanziari derivanti dalla gestione reddituale (metodo indiretto)		
Utile (perdita) dell'esercizio	2.573.941	1.969.203
Imposte sul reddito	1.412.674	1.334.760
Interessi passivi/(interessi attivi)	644.805	312.550
(Plusvalenze)/minusvalenze derivanti dalla cessione di attività	28.576	4.790
1. Utile (perdita) dell'esercizio prima d'imposte sul reddito, interessi, dividendi e plus/minusvalenze da cessione	4.659.996	3.621.303
<i>Rettifiche per elementi non monetari che non hanno avuto contropartita nel capitale circolante netto</i>		
Accantonamenti ai fondi TFR	1.161.005	616.617
Ammortamenti delle immobilizzazioni	5.009.590	3.277.084
Svalutazioni per perdite durevoli di valore	16.110	6.851
Altre rettifiche per elementi non monetari	(37.787)	(44.086)
<i>Totale rettifiche elementi non monetari</i>	<i>6.148.918</i>	<i>3.856.466</i>
2. Flusso finanziario prima delle variazioni del ccn	10.808.914	7.477.769
<i>Variazioni del capitale circolante netto</i>		
Decremento/(incremento) dei crediti vs clienti	(12.501.485)	(3.613.340)
Incremento/(decremento) dei debiti verso fornitori	4.138.670	3.302.135
Decremento/(incremento) ratei e risconti attivi	(664.291)	(610.310)
Incremento/(decremento) ratei e risconti passivi	(511.585)	336.567
Altre variazioni del capitale circolante netto	1.372.994	(4.233.752)
<i>Totale variazioni capitale circolante netto</i>	<i>(8.165.697)</i>	<i>(4.818.700)</i>
3. Flusso finanziario dopo le variazioni del ccn	2.643.217	2.659.069
<i>Altre rettifiche</i>		
Interessi incassati/(pagati)	(644.805)	(312.550)
(Imposte sul reddito pagate)	(2.230.013)	(1.291.649)
Dividendi incassati	-	-
Incremento fondi da nuovo perimetro	1.637.463	1.867.327
Incrementi da nuovo perimetro	5.398.640	4.270.244
(Utilizzo dei fondi)	(365.121)	(324.652)
<i>Totale Altre rettifiche</i>	<i>3.796.164</i>	<i>4.208.720</i>
Flusso finanziario della gestione reddituale (A)	6.439.381	6.867.789
B. Flussi finanziari derivanti dall'attività d'investimento		
<i>Immobilizzazioni materiali</i>		
(Investimenti)	(648.033)	(221.899)
Prezzo di realizzo disinvestimenti	-	-
<i>Immobilizzazioni immateriali</i>		
(Investimenti)	(6.847.159)	(2.964.525)
Prezzo di realizzo disinvestimenti	-	-
<i>Immobilizzazioni finanziarie</i>		
(Investimenti)	(21.369.736)	(6.053.537)
Prezzo di realizzo disinvestimenti	113.484	1.111
<i>Attività finanziarie non immobilizzate</i>		
(Investimenti)	-	-
Prezzo di realizzo disinvestimenti	-	-
<i>Acquisizione o cessione di società controllate</i>		
	-	-
Flusso finanziario dell'attività di investimento (B)	(28.751.444)	(9.238.850)
C. Flussi finanziari derivanti dall'attività di finanziamento		
<i>Mezzi di terzi</i>		
Incremento (decremento) debiti a breve verso banche	-	-
Accensione finanziamenti	18.800.000	3.500.000
Incasso netto Prestito obbligazionario convertibile	-	-
Rimborso finanziamenti	(3.314.351)	(758.862)
Debiti per acquisizione partecipazioni (Vendor Loan)	6.745.789	2.565.000
Pagamento rate a saldo M&A (Vendor Loan)	(2.515.000)	-
<i>Mezzi propri</i>		
Aumento di capitale a pagamento	3.900.736	3.508.323
Cessione (acquisto) di azioni proprie	(373.888)	(73.894)
Dividendi (e acconti su dividendi) pagati	-	-
Flusso finanziario dell'attività di finanziamento (C)	23.243.286	8.740.567
Incremento (decremento) delle disponibilità liquide (A ± B ± C)	931.223	6.369.506
Disponibilità liquide al 1 gennaio	12.700.734	6.331.228
Disponibilità liquide al 31 dicembre	13.631.957	12.700.734



Annex 2 - Reconciliation between the Statutory Financial Statements and the Consolidated Financial Statements

Prospetto di raccordo tra il bilancio civilistico al 31 dicembre 2022 ed il bilancio consolidato

(euro)

	Patrimonio <u>netto</u>	Risultato <u>netto</u>
PATRIMONIO NETTO E RISULTATO DELLA CAPOGRUPPO	19.830.095	868.279
Patrimoni netti e risultati netti delle società consolidate	26.381.698	4.725.893
Elisione valore di carico delle partecipazioni consolidate	(48.175.000)	
Differenze di consolidamento	35.840.538	
Ammortamento differenza di consolidamento	(7.044.854)	(2.239.004)
Ammortamento avviamento in ICT&		18.775
Elisione dividendi		(800.000)
Arrotondamenti	(1)	(2)
PATRIMONIO NETTO TOTALE/RISULTATO NETTO	26.832.475	2.573.941
di cui patrimonio e risultato di terzi	6.245.847	1.281.174
PATRIMONIO NETTO E RISULTATO CONSOLIDATO DI GRUPPO	20.586.628	1.292.767

