

DIGITAL MAGICS: SHAREHOLDERS' MEETING APPROVES 2019 FINANCIAL STATEMENTS

- **2019 Financial Statements approved with revenues growing, EBITDA and EBIT improving, the aggregate turnover of start-ups in the portfolio up 32%**
- **Two Directors appointed**
- **Board of Statutory Auditors renewed in office for the next 3 years**
- **Authorisation renewed for the purchase and disposal of treasury shares**

Milan, 28 April 2020

The Ordinary Shareholders' Meeting of Digital Magics S.p.A., a *business incubator* listed on the AIM Italia market (symbol: DM), organised and managed by the Italian Stock Exchange, met today under the chair of Alberto Fioravanti, to resolve on the following.

Alberto Fioravanti, Chairman of Digital Magics:

"Today we approved the 2019 results which confirmed the soundness of our strategic lines. We are continuing to support the start-ups in our portfolio with our usual dedication and our selection of new companies. Although conditions in general are still quite complex, we confirm the positive view on all digital services thanks to the growing and generalised awareness of the importance of technology applied in increasingly wider contexts and which represents the core business of our portfolio".

1. Approval of the Financial Statements at 31 December 2019

The Shareholders' Meeting examined and approved the Financial Statements at 31 December 2019 which confirms the growth of our results in terms of revenues and improvement of margins, but also of our 69 start-ups that continue their growth path, recording a total turnover of 78 million euros, up 32% compared with 2018, together raising a total of 36.6 million euros, up 224% compared with 2018. It should be noted that 62% of the startups in the Digital Magics Portfolio operate in the main 3 sectors of interest of the European VC market, namely Enterprise Software, Fintech Insurtech and eCommerce/Marketplace.

The main results achieved are listed below.

Revenues amounted to 2.7 million euros, up 3.8% compared with 2.6 million in 2018. Revenues from Open Innovation amounted to 1.18 million euros, in continuity with the previous year.

EBITDA improved, with a negative result of 303 thousand euros compared with the negative result of 347 thousand euros in 2018. Following fewer adjustments from impairment losses on receivables from investee companies, EBIT also improved, with a negative result of 994 thousand euros, compared with the negative result of 1,188 thousand euros at 31 December 2018.

Net result registered a negative 2.3 million euros compared with a net profit of 385 thousand euros in 2018 which included the partial exit from Talent Garden, which had generated a capital gain of approximately 3.2 million euros.

The **Net Financial Position** showed a negative result of 1.4 million euros (positive result of 3.0 million euros at 31/12/2018); the cash absorption during the year is essentially attributable to investments (3.1 million euros in equity investments, 191 thousand euros in equity financial instruments and 521 thousand euros in CapEx) and the distribution of dividends (370 thousand euro) in correspondence with approval of the 2018 financial statements.

Shareholders' Equity stands at € 17.2 million (19.8 million euros at 31 December 2018).

The Shareholders' Meeting also resolved to cover the loss for the year, amounting to 2,256,924.36 euros, by using the share premium reserve for the same amount.

2. Appointment of Directors

The Shareholders' Meeting confirmed the appointment by co-option as non-executive Director of **Alessio Gasperini** (who currently holds 227,351 DM shares equal to approximately 3.07% of the share capital) and the appointment of **Aurelio Mezzotero** as non-executive Director , replacing the non-executive Directors **Manuel Gasperini** (who currently holds 227,351 DM shares equal to approximately 3.07% of the share capital) and **Stefano Molino**.

The aforementioned Directors will remain in office until the expiry of the current Board of Directors and therefore until approval of the financial statements for the 2021 financial year.

3. Appointment of the Board of Statutory Auditors

The Shareholders' Meeting appointed the members of the Board of Statutory Auditors who will remain in office for the duration of three years, until approval of the financial statements for the year 2022. Following the voting, the Board of Statutory Auditors is made up as follows:

- Fausto Adriano Giuseppe Provenzano (Chairman)
- Claudio Boschioli (Standing Auditor)
- Massimo Codari (Standing Auditor)
- Giovanna Maria Fossa (Alternate Auditor)
- Massimo Tavola (Alternate Auditor)

The Shareholders' Meeting also determined the remuneration of the Board of Statutory Auditors for the entire term of office.

4. Authorisation for the purchase and disposal of treasury shares

Finally, considering the expiry of the previous authorisation approved by the Ordinary Shareholders' Meeting of 30 April 2019, the Shareholders' Meeting approved the authorisation of the Board of Directors for the purchase and subsequent disposal of treasury shares, with the same methods and limits of the previous authorisation; in particular:

- a. The authorisation, pursuant to articles 2357 and following of the Italian Civil Code, to purchase a maximum of 100,000 treasury shares, to be carried out also fractionally no later than the term of eighteen months following the date of adoption of this shareholders' resolution, with the clarification that: (i) the purchases will be made at a unit price no higher and no lower than the price of reference recorded on the AIM Italia Market in the trading session prior to the purchase to be made, respectively more or less 10%; (ii) the company may use for the purchase of treasury shares up to a maximum of 1,000,000.00 euros, to be withdrawn, without time limits, from available reserves; (iii) the purchases shall

be made in the manner provided for by law and regulations; the disposals of any treasury shares purchased may take place for the realisation of extraordinary transactions or for the implementation of initiatives or loyalty plans for the employees and collaborators of the company and of the subsidiaries or for the purpose of treasury management and financial needs of the company, in compliance, if applicable, with the principle of equal treatment, through sale on the market at current prices at the time of disposal of the treasury shares;

- b. The granting to the BoD, and on its behalf to the Chairman and the Managing Directors severally, of any wider power, including the power of sub-delegation, to implement the aforementioned authorisation, including – by way of example – the power to determine the operating procedures for the purchase and sale of shares, as well as to determine the purchase and sale prices, all in accordance with this resolution, as well as the power to grant, suspend and revoke mandates to intermediaries and other operators for the completion of purchases and from deeds of disposal on treasury shares, as well as to fulfil all necessary legal advertising requirement;
- c. The provision for which the purchases are contained within the available reserves and the distributable profits resulting from the last financial statements approved at the time of the operation and that, on the occasion of the purchase and sale, the necessary accounting entries are made

Lodging of documentation

The minutes of the Shareholders' Meeting and the summary report of the votes will be made available to the public on the company's website within the terms and in the manner prescribed by current legislation.

The 2019 Annual Financial Report is available on the website www.digitalmagics.com, in the Investors/Financial Reports section.

This press release is online on the Company's website www.digitalmagics.com in the Investors > Press Releases section.

***Digital Magics S.p.A.**, listed on AIM Italia (symbol: DM), is a business incubator that supports start-ups in the digital and tech world with services to enhance and accelerate business. Digital Magics, Talent Garden and Tamburi Investment Partners have created the biggest national innovation hub for DIGITAL MADE IN ITALY, offering support to innovative start-ups for creating successful projects, from conception to IPO. Digital Magics has always been a partner of excellent companies with its Open Innovation services, creating a synergistic bridge between companies and digital start-ups. Incubation and acceleration services by Digital Magics are active on Talent Garden coworking campuses throughout Italy. Complementary to services are investment activities, which over the years have produced a portfolio of over 70 investments in start-ups, scale-ups and digital spin-offs with high growth rates. Accelerated companies are joined by the Digital Magics team, partners with great entrepreneurial and digital experience, and benefit both from the wide network of private and institutional investors which support them through "club deals", and from the many partner companies which support them at the industrial level.*

***Banca Akros S.p.A.** acts as Nomad and Specialist pursuant to the AIM Italia Issuers' Regulation.*

For the transmission and storage of Regulated Information, Digital Magics uses the eMarket SDIR dissemination system and the eMarket STORAGE storage mechanism available at www.emarketstorage.com managed by Spafid Connect S.p.A.

For further information:

Digital Magics
Investor Relations
Email: investorrelations@digitalmagics.com
Tel .: +39 02 525051

IRTop Consulting
Investor Relations
Email: f.vitale@irtop.com
Tel .: +39 02 4547 3883/4

Banca Akros
Nominated Adviser (NomAd)
Email: ecm@bancaakros.it
Tel .: +39 02 434441