

Digital Magics

Sponsored Research

Italy | Financial Services Holdings

Investment Research



Company Update

Reason: Company newsflow

8 June 2020

Accumulate

Recommendation unchanged

Share price: EUR 4.30

closing price as of 05/06/2020

Target price: EUR 6.70

from Target Price: EUR 7.80

Upside/Downside Potential 55.8%

Reuters/Bloomberg DMG.MI/DM IM

Market capitalisation (EURm) 32

Current N° of shares (m) 7

Free float 37%

Daily avg. no. trad. sh. 12 mth 4

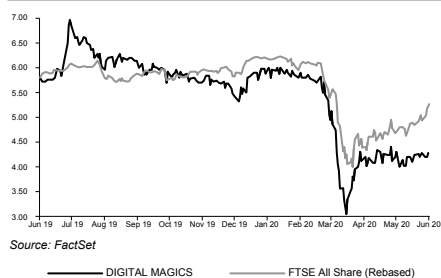
Daily avg. trad. vol. 12 mth (m) 33.53

Price high/low 12 months 6.96 / 3.05

Abs Perfs 1/3/12 mths (%) 0.00/-16.02/-25.86

Shareholders

StarTIP 23%; Innogest 6%;



Analyst(s)

Andrea Devita, CFA

andrea.devita@bancaakros.it

+39 02 4344 4031

FY 2019: reinforcing the business foundations

We remain positive on Digital Magics. FY 2019 was a neutral publication in absence of significant capital events in the second half. The potential COVID impact is difficult to assess at this point in terms of deal flow and external financing; for sure the digital ecosystem is proving a basic infrastructure to support business, transactions, information, entertainment, and communication. In this context, DM is an important engine of growth and innovation, with a diversified and promising portfolio of 69 invested digital companies (17 new investment in 2019) whose aggregated turnover reached EUR 78m, up 32% Y/Y. As a validation of DM's business model and capabilities, we appreciate the large capital contribution from external investors, which reached EUR 34m (almost four times higher than in 2018).

- ✓ **The main elements of the FY 2019 publication include:** Revenues and EBITDA are not crucial in this business; the top-line was broadly stable Y/Y both in H1 and H2; with EUR 1.18m generated from "Open Innovation" programs (21 in total). The EBITDA was slightly negative as in 2018, which in H1 benefitted from the contribution to research (EUR 120K) accrued in the FY 2017. Negative but improving net result; we note that H1 2019 was characterized by lower write-downs Y/Y while H2 was stable. We remark that the positive net income in FY 2018 was mainly driven by the capital gain (EUR 3.2m) generated with the exit from Talent Garden. The net financial position turned negative to EUR 1.4m, from EUR 3.0m net cash at the end of December 2018.
- ✓ **The current portfolio includes 69 operating companies** (26 innovative start-ups and 18 innovative SMEs) vs. 62 at the end of 2018. DM invested in 17 new participations during the year a total of EUR 1.14m. The total financing collected by the portfolio exceeded EUR 36m, more than tripling Y/Y (EUR 11m in 2018). External investors accounted for EUR 34m.
- ✓ **The main events involving the key participations** include a new financing round for Talent Garden in March 2019, involving EUR 44m (debt+equity) with an implied post-money valuation in excess of EUR 100m), and the sale of the entire stake (13.8%) in Moneymour in February 2020 to the international Fintech operator Klarna for EUR 0.48m, with a 3 fold return on the investment (100% IRR).
- ✓ **Positive perspectives for the start-up ecosystem:** VC financing reached EUR 650m (+8% Y/Y), thus consolidating the 2018 record-high levels (EUR 560m). Despite the delays of the Italian Government initiatives (the expected EUR 1bn fund took-off only at the end of 2019, with EUR 500m firepower), the public sector still offers interesting opportunities, such as the Invitalia fund acquired by CDP (EUR 400m), and the Ministry of Economic Development's vehicle, funded with the dividend proceeds from state-owned companies.
- ✓ **Updated valuation points to EUR 6.7 per share.** HTT still represents the main holding in DM's portfolio, accounting for EUR 1.9 per share, down from EUR 2.7 in our previous review, due to the stake dilution. Talent Garden remains a sizeable investment after the partial sale and successful financing round. We appreciate the actual results and innovative quality of the investee companies and in this report, we offer a drill-down in several names that offer the most interesting perspectives or represent a significant fraction of the portfolio value.

Produced by:



Distributed by Members of ESN (see last page of this report)

For important disclosure information, please refer to the disclaimer page of this report.

All ESN research is available on Bloomberg, "RESP ESNR", Thomson-Reuters, S&P Capital IQ, FactSet



CONTENTS

FY 2019 results	3
DM: Capital Structure	4
Italian VC market up by 8%, following a boom in 2018	5
Portfolio Analysis	7
Investments	7
Exits	9
Main funding rounds	9
Portfolio snapshot	11
Portfolio detail	13
Hyperloop	13
Talent Garden	14
MAR-TECH	16
Buzzoole	16
4W MarketPlace	16
LiveXtension	17
Digital Bees	17
FINTECH	19
Prestiamoci	19
Epic SIM	20
The ING Project (200 Crowd)	21
GrowishPay	23
LOGISTICS/E-Commerce & Other	25
Quomi	25
Macingo Technologies	26
YoAgents	27
nCore	28
Valuation	33



FY 2019 results

The main elements of the FY 2019 publication include:

- ✓ Revenues and EBITDA are not crucial in this business; the top-line was broadly stable Y/Y both in H1 and H2; with EUR 1.18m generated from “Open Innovation” programs (21 in total). The EBITDA was slightly negative as in 2018, which in H1 benefitted from the contribution to research (EUR 120K) accrued in the FY 2017.
- ✓ Negative but improving net result; we note that H1 2019 was characterized by lower write-downs Y/Y while H2 was stable. We remark that the positive net income in FY 2018 was mainly driven by the capital gain (EUR 3.2m) generated in H2 with the exit from Talent Garden.
- ✓ The net financial position turned negative at the end of June 2019, from EUR 3.0m net cash at the end of December 2018; net debt increased by further EUR 1.1m in H2 to EUR 1.4m as at Dec 31, 2019. The main cash-out in the period was related to the investment in its portfolio (EUR 3.1m, +35% Y/Y, of which EUR 1.2m in H2).
- ✓ The current portfolio includes 69 operating companies (66 as of June 30, 2019, 62 at the end of 2018). The aggregated turnover was 32% higher Y/Y to EUR 78m.
- ✓ DM invested in 17 new participations during the year (7 in H2) for a total of 1.14m. The new investments include 6 companies which participated to the “Magic Wand” (MW) program (focussed on digital retail). In H2, DM started the third batch of MW dedicated to the themes of fintech, insurtech, cybersecurity and blockchain.

The main events involving the key participations include a new financing round for Talent Garden in March 2019, involving EUR 44m (debt+ equity) with an implied post-money valuation in excess of EUR 100m), and the sale of the entire stake (13.8%) in Moneymour in February 2020 to the international Fintech operator Klarna for EUR 0.48m, with a 3 fold return on the investment (100% IRR).

P&L analysis

Data in EUR m	2015	2016	2017	2018	2019
Revenues	2.51	2.91	2.75	3.20	3.24
EBITDA	0.18	0.33	(0.64)	(0.35)	(0.30)
EBIT	(0.24)	(0.25)	(2.04)	(1.18)	(0.99)
Net Profit	(1.23)	(3.19)	(6.83)	0.39	(2.26)

Source: Company data

Balance-sheet analysis

Data in EUR m	2015	2016	2017	2018	2019
Fixed assets	15.4	16.9	14.8	15.3	17.3
NWC	1.76	2.03	1.80	1.52	1.42
Total funds	(0.06)	(0.07)	(0.06)	(0.09)	(0.06)
Total Assets	17.1	18.8	16.5	16.8	19.9
Shareholders' Equity	16.6	14.9	18.9	19.8	17.2
Net Debt (cash)	0.41	3.94	(2.43)	(3.02)	1.44
Total Liabilities	17.1	18.8	16.5	16.8	18.6

Source: Company data

DM: Capital Structure

The main events in DM's capital structure took place in 2017 with the cash-in of EUR 9.3m in fresh capital and the entry of new core investors including Tamburi's StarTIP (currently the main shareholder of the company with 22.72%, Garage Start Up (operating the on-line university Pegasus with which DM collaborates) with 6.35% and Innogest (which contributed a 35% in the seed capital fund "Withfounders" of which DM is now the main shareholder) with 5.70%. The shareholders' book has remained stable in the past two years.

The capital actions included the free attribution of warrants (listed on the AIM Italia market since May 22, 2017) in ratio of 1 every 4 shares to existing shareholders to be exercised between 2017 and 2022 in the respective months of October, for a total of 1.64m warrants and a total potential capital inflow of EUR 14.4m (1 warrant gives the right to subscribe a new share) based on the maximum exercise price of EUR 8.75 in 2022. The scheme, shown in the table below, includes a significant increase of the exercise price over the coming years.

2017/22 warrants: exercise prices and potential maximum cash-in SCENARIOS

Exercise window	Strike price (EUR per share)	Rights (K)	Max potential cash-in (100% in the year)
October 2017	5.75	1,643	9.45
October 2018	6.35	1,643	10.43
October 2019	6.95	1,643	11.42
October 2020	7.55	1,643	12.40
October 2021	8.15	1,643	13.39
October 2022	8.75	1,643	14.38

Source: Company data

In 2017, the rights exercised were 738K representing around 45% of the outstanding warrants, in October 2018 they were only 3,508 implying a cash inflow of EUR 22K and last October just 62 with a cash-in of EUR 430.

Exercise prices and potential maximum cash-in SCENARIOS (w/actual exercise 2017/2019)

Exercise window	Strike price (EUR per share)	Exercised Rights (K)	Actual cash-in	Max cash in in the year	Cumulated Cash in
October 2017	5.75	738	4.24	-	
October 2018	6.35	3.5	0.02	-	4.26
October 2019	6.95	0.062	0.00043		4.26
October 2020	7.55	901.37		6.81	11.07
October 2021	8.15	901.37		7.35	12.41
October 2022	8.75	901.37		7.89	13.01

Source: Company data, Banca Akros estimates

In April 2018, Digital Magics' AGM approved the issuance of **new warrants** to entities investing directly in the start-ups that make up DM's portfolio. The exercise of these 600,000 warrants, allocated at no cost and with a strike price based on the 6m average share price and in any case not below EUR 8 per share, would provide a new capital injection of up to EUR 4.99m. The aim is clearly to boost new early-stage investments in DM's start-ups by attracting direct investors into DM's start-up portfolio. The AGM also approved the 2018/2022 **stock option plan**, which will spark a maximum capital injection of EUR 4.8m at EUR 8.00/sh.

Finally, the **April 2019 AGM adjusted the strike price** for the above new warrants for start-up investors and for the stock options, from EUR 8.00 to EUR 6.20.

Italian VC market up by 8%, following a boom in 2018

The Italian Venture Capital market, after impressive growth experienced in 2017 and 2018, continued to be very dynamic also last year, with around 15% increase in total investments according to different sources.

According to Venture Capital Monitor (VeM) and the Italian Business Angels Association (IBAN), total investments in Italian innovative companies reached EUR 650m in 2019, from EUR 560 the previous year. The contribution of “business angels” was EUR 53m (from EUR 40m). Total deals were 148 (from 102) including 121 initial investments (78 in 2018).

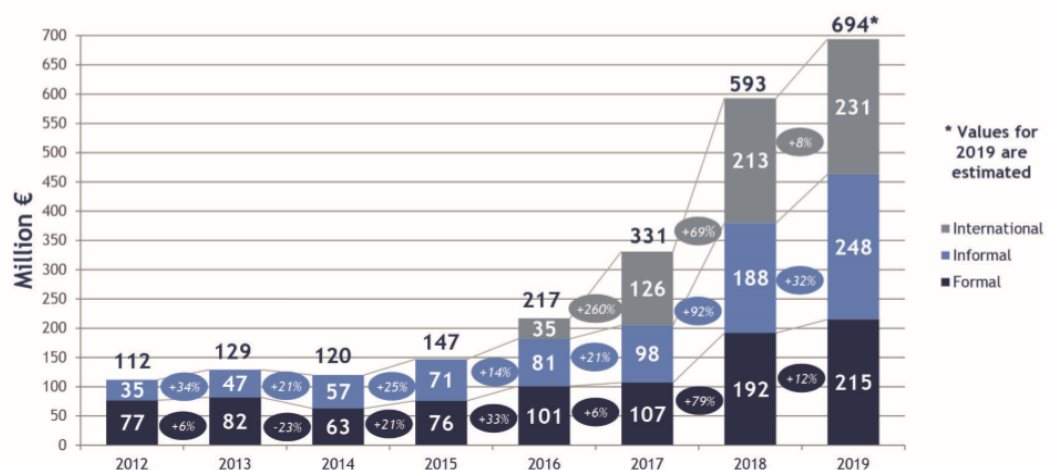
A market analysis by Il Politecnico di Milano found a similar performance, pointing to EUR 100m Y/Y increase in funds with 14 rounds worth above EUR 10m (12 in 2018 and first time since 2012). The largest ones included Talent Garden (EUR 44m between equity and debt, BrumBrum (EUR 20m); Casavo (EUR 20m) and Freeda (EUR 16m).

We note that the “informal” investors, including “friends & family”, business angels and (equity) crowdfunding, posted once again the largest growth rate and represent now the first pool of funds. The growth coming from international investors was below EUR 20m Y/Y, however the 2018 performance included a big deal of around EUR 100m involving Prima Assicurazione.

Italian Venture Capital investments

Distribution of investments by investor type

osservatori.net
digital innovation



Imprese e startup insieme verso l'open company

03.12.19

#digitalinnovation19

Source: Politecnico di Milano, December 2018

“Formal investors” (Venture Capital funds and Corporate VC) contributed a modest increase in funds; according to the research by PoliMI a more vigorous activity is only postponed, pending the finalization of different initiatives. In spite of some delay, and the current pandemic situation, which clearly affects every aspects of economic and financial activity, we continue to believe that the medium term opportunities remain strong also in this area, thanks to public and private efforts, such as:

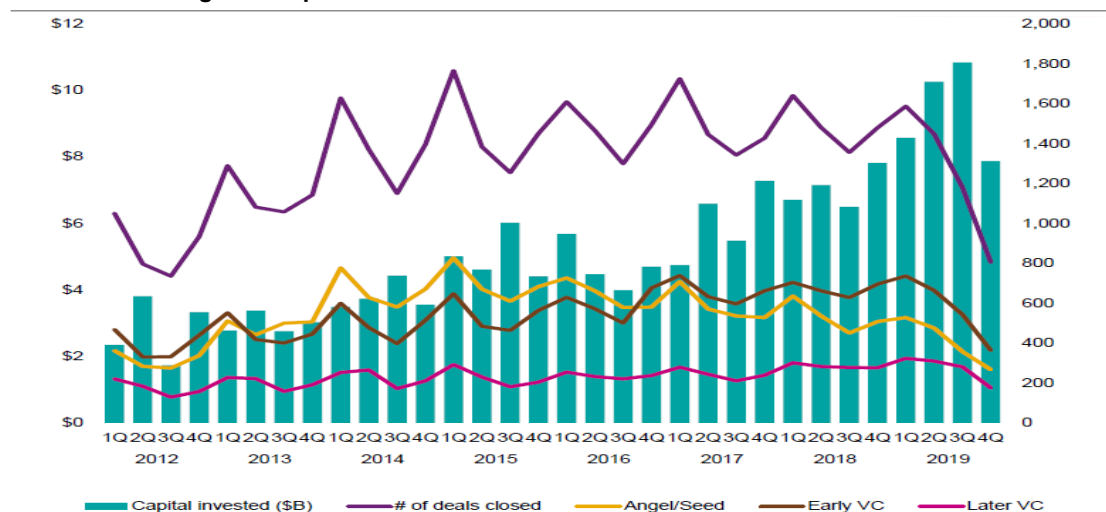
- The “national innovation fund”, originally announced at the end of 2018, presented in March 2019, and actually started at the end of last year. Compared to the initial ambitious level of EUR 1bn, it seems the initiative will initially involve EUR 500m, including a fund of funds, a fund dedicated to accelerators one for early-stage start-ups and the one already launched by Invitalia for start-ups in the south of Italy.

- b) The increased direct financial involvement of the state will also include a venture capital fund of the Ministry of Economic Development (MISE) funded with EUR 90m in 2019/22 and with the attribution of 15% of dividend proceeds from public participations (which could be worth some EUR 0.5bn pa).
- c) The rationalization of the actions under the CDP umbrella (having acquired the Invitalia venture capital fund which has a firepower of EUR 400m). CDP is going to launch soon "CDP sgr" vehicle.
- d) Incentives to the private investment with 3.5% of PIR funds attributed to VC investments, formalization of business angels category (from 30% to 40% tax savings).
- e) The introduction of more favourable fiscal conditions (50% discount) at the exit if the investment is kept for at least three years.
- f) Other private initiatives. For instance, Intesa recently said it will transform its NEVA Finventures into an SGR vehicle and increased its size from EUR 100m to EUR 250m.

With these premises, the EUR 1bn mark should be in sight, helping to close the still large gap between Italy and other European economies. Indeed, venture volumes in Europe rose by round 40% last year to EUR 38bn, across a total of 5K rounds including 40 later rounds worth above EUR 100m, such as Northvolt (Q1, EUR 1bn), UiPath (Q2, EUR 512m), Deliveroo (Q4, EUR 520m), Klarna (Q3, EUR 415m) and N26 (Q1, EUR 270m). The median deal size also increased across all the financing stages from 20% Y/Y (seed, Serie A) to 97% (Serie D+).

In terms of sectors, software continues to lead with around 40% of total funds, followed by energy with above 20% and Pharma/Biotech with around 10%. Fintech surpassed USD 9bn with c 40% 2year CAGR; enterprise SW USD 7.5bn (27% CAGR).

Venture financing in Europe 2012/Q4 2019



Portfolio Analysis

As per December 31, 2018 DM had in its portfolio of investments (on a direct basis or through Withfounders, of which DM has a 35% stake) a total of 69 operating companies, (including 26 innovative start-ups and 18 innovative SMEs) vs. 62 at the end of 2018. In FY 2019, the net investment in new holdings and existing holdings was EUR 3.13m vs. EUR 2.3m in 2018 (EUR 2.8m in 2017). DM also booked EUR 1.19m write downs (related to 10 companies) vs. 1.6m (7 companies) in 2018. (EUR 4.8m, 9 cos in FY 2017). The total number of companies invested including inactive ones is 86.

Investments

In 2019, DM invested a total of EUR 1.14m in **17 new companies** (see table below), including the 6 which were finalists in the “Magic Wand Retail Revolution” program started in November 2018. DM invested a consideration of above or equal EUR 90K in 8 companies, we note that the largest implied value refers to Eligo (EUR 6.8m), Wenda (EUR 2.8m), Georadio (EUR 2.7m) and Fintastico (EUR 2.5m). The median valuation of the investee companies is EUR 0.90m, the average EUR 1.52m.

Digital Magics's new investments 2019

Holdings	Sector	Description	DM's stake	Investment
AR Studio (*)	Design/adv	Software platform (SaaS) for Augmented Reality	18.0%	90.0K
Bikeroom	Retail (bikes)	Marketplace for premium bicycles	25.0%	50.0K
Criptalia	Fintech	Crowdlending platform, based on cryptocurrencies	10.0%	107.4K
Disignum (*)	Retail (clothing)	Integrated platform for store mgmt./ecommerce/biz SW	7.69%	90.0K
Eligo (*)	Retail (clothing)	Direct sales network for bespoke clothing	1.32%	90.0K
FeatFood	Retail (food)	Production/delivery of healthy meals	1.0%	6.7K
Fintastico	Fintech/media	On-line portal for fintech information	3.0%	75.0K
Frescofrigo	Retail (food)	Vending machines for healthy food	3.33%	60.0K
Georadio	Social Media	Location-based podcasting	0.45%	12.0k
HiNelson	e-commerce	e-commerce platform for yachting accessories	7.78%	105.8K
IComfort	IoT platform	Sensor-based office space management	10.0%	70.2K
Impossible Minds (*)	Retail	Voice-commerce platform	10.0%	90.0K
Intribe (*)	Retail	Predictive analysis of consumer behaviour	10.0%	90.0K
SoftMining	Healthcare	Big data applied to pharma research	10.0%	81.5K
Stepfund	Finance	Early-stage venture capital fund	18.18%	20.0K
Usarium	FoodTech	Food recycling	0.82%	6.67K
Wenda (*)	Retail	IoT platform for supply chain management	3.43%	96.2K

Source: Company data (finalist in Magic Wand Retail)

In October 2017, DM launched the first “**Magic Wand**” accelerator program aimed at developing innovative early-stage start-ups, initially in the FinTech and InsurTech fields. After the first round in Jan-2018, 10 projects were selected, out of more than 50 ideas, for a six-month acceleration process and a first grant of EUR 5K. Based on specific targets and KPIs, the best 6 start-ups were selected in a second round, receiving a second grant of EUR 15K and the possibility to conclude the programme. To participate in the acceleration programme, DM acquires the right to subscribe to 10% of the capital of the 6 selected start-ups.

The second edition of the **Magic Wand** program (launched in November 2018) was focussed on the **retail sector** in partnership with players such as Auchan Retail Italia, Cisco, Dodifferent, Nava Design, Nexi, RDS 100%, SisalPay and UBI Banca. DM selected 6 start-ups for the “validation phase” which includes EUR 15K cash and the incubation journey worth EUR 75K, along with the opportunity to receive further EUR 300K financing.



The ongoing edition of MW was launched in November 2019 and is once again focussed on Fintech/ Insurtech, along with Blockchain and Cybersecurity. The partners include BNL, Credem, Innogest, Ersel, Poste Italiane, SISALPay, Reale Group and TIM. DM has already selected 11 start-ups including 1 from Russia, 1 from Singapore and 3 from other European countries.

Other incremental investments in existing holdings, include 4W Marketplace (digital advertising network), Prestiamoci (social lending), FoodScovary (food delivery), Buzzole (influencer marketing), Macingo (transportation marketplace) and Moneymour (fintech).

DM Portfolio DYNAMICS in 2019: main movements

Holdings	BV Dec 2018	Stake Dec 2018	Investment (Divest)	Write- down	BV Dec 2019	Stake Dec 2019	Note
Digital Bees	786.9	78.69%	89.8	(390.0)	486.7	78.69%	Waived credit and write down
Livextension	966.3	85.00%	300.0	(300.0)	966.3	85.00%	Waived credit and write down
Yo Agents	986.7	60.72%	(50.0)	-	936.7	51.27%	Disposal
Total subsidiaries	3,475	-	339.8	(690.0)	3,125	-	5 companies
4W marketplace	1,362	32.15%	309.2	-	1,670.7	61.83%	capital round
Add Communication	105.9	20.00%	-	(55.9)	50.0	20.00%	
Bikeroom	-	-	50.0	-	50.0	25.00%	
Eclettica Srl	280.0	23.49%	12.0	-	292.0	23.49%	capital round
Ncore	55.8	22.50%	(1.1)	-	55.0	15.00%	disposal of 7.5% stake
Withfounders	1,058	35.00%	-	(254.0)	804	35.00%	
Total Associates	4,640	-	370.1	(309.7)	4,701	-	12 companies
AIRCNC	1.0	10.00%	75.0	-	76	18.12%	
Axieme	107.6	5.89%	50.0	-	158	7.09%	
Buzzole Holdings	337.7	5.16%	170.2	-	508	3.65%	
CARDO (P2P Advisor)	80.8	10.00%	3.9	-	85	10.71%	
Coverholder (Ins. MGA)	239.0	9.27%	5.8	-	245	8.97%	
Foodscovary (Foodquote)	112.5	2.19%	177.5	-	290	13.18%	
Jumpstarter**	320.6	8.69%	19.6	-	340	6.36%	
Macingo	59.2	3.64%	152.9	-	212	7.95%	
Moneymour	80.8	10.00%	100.0	-	181	14.70%	
MyCreditService	21.0	0.30%	76.6	-	98	5.68%	
Prestiamoci	297.0	12.53%	247.0	-	544	12.34%	
Two Hundred	54.8	3.65%	1.5	-	56	3.65%	
Wish List	193.1	7.32%	3.7	(3.7)	193	7.32%	
New investments	0	-	1,142	-	1,142	-	17 companies see above
Total other companies	3,971	-	1,048	(65.7)	4,954	-	32 companies
Grand Total	12,086	-	2,900	(1,065)	13,922		EUR 2,951k gross invest. EUR 51k divestments

Source: Company data (*) which owns 89.5% of HTT



Exits

The main transaction of past couple of years was the sale of around 9% of the shares in **Talent Garden** (out of a total ~19%) to the founders of the company for a total consideration of EUR 3.60m. This deal, completed in October 2018, generated a capital gain of EUR 3.20m, implying an IRR of 80%, which boosted the FY 2018 P&L and financial position.

A recent significant deal was the sale of the entire 13.8% stake in **Moneyamour** to the European fintech group Klarna announced on February 12, 2020. Moneyamour, which operates a platform for instant lending, was incorporated in February 2018 and was part of the DM's Magic Wand fintech/insurtech program in the same year. DM secured from the sale a consideration of EUR 482K, implying 3x the investment and obtaining an IRR of c 100%:

There were no major stake sales during 2019. DM carried out a series of small transactions including the sale of the entire participation (2.29%) in **Wikire** for EUR 53K (implying a 20% capital gain), the sale of 7.5% (out of 22.5% previously held) of **NCore** at book value to the company founders according to existing agreements, and the sale of 3.1% (out of 54.4%) stake in **Yoagents** for EUR 50K (in line with book value) to let a new shareholder enter the capital of the company. DM also dismissed a few companies (Beestay, Morpheos, Tikidoo, Smartisland, Inaponus and Pneusmart), as no more strategic, with sales at token values booking a capital loss of EUR 40K.

Main funding rounds

DM said that in its history, it has provided around EUR 30m seed investments to its portfolio of companies, which drove around EUR 70m funds from third parties. The partnership with StarTIP (endowed with EUR 100m funds) provided a boost since the beginning of 2018 with the investments in Talent Garden, Buzzoole and Centy.

The commitment of DM was EUR 3m in 2019, vs. EUR 2.3m the previous year. External investors provided further EUR 24m, vs. EUR 6.8m in 2018.

Most of these funds are related to the **large financing round for Talent Garden** (EUR 44m including EUR 23m in equity) which valued the company some EUR 85m pre-money and was led by StarTIP. The 2016 round (EUR 6m) had valued TAG EUR 18m. Given the terms of the previous financing, DM (which had sold in Q2 2018 half of its stake and did not take part in the new capital increase) was not diluted following the new round.

Buzzoole completed a new EUR 2m round at the end of October, subscribed by the company founders, along with the funds Vertis and StarTIP; DM injected EUR 50K and was diluted from around 6% to 3.64%. **GrowishPay**, the social payment scale-up, has collected in July around EUR 1m, including EUR 571K in equity crowdfunding, EUR 250K from SisalPay (contribution for "Open Innovation" and EUR 152m from other investors. Other relevant financing rounds involved **CoverHolder** (EUR 350K) and **Diamantech** (EUR 417K). DM also subscribed half of the EUR 0.3m financing of **Macingo**.

Hyperloop TT has still a round of financing open, with the aim of collecting some USD 200m for a post-money valuation of USD 1bn.

Main funding rounds (with external investors) 2018/20

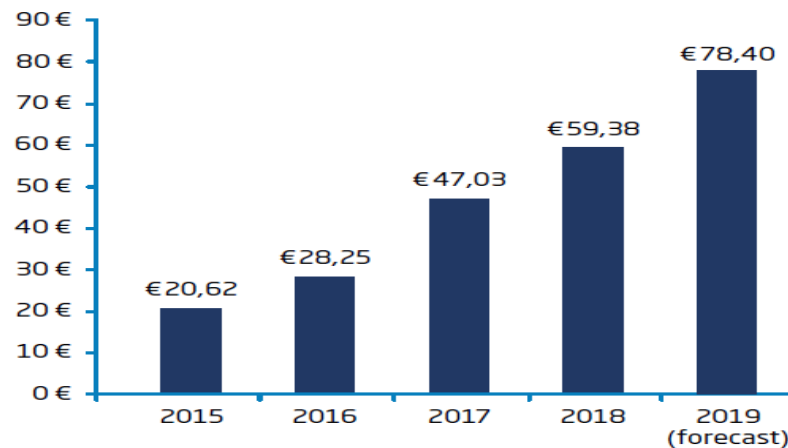
	Date	Total funding (EUR m)	o/w DM	Impl. valuation Pre/post money	DM stake pre/post financing
Centy	June 2018	0.250	0.143	1.00/1.25	15.00%/23.75%
Eggup	June 2018	0.225	0.025	0.75/0.975	6.3%/7.41%
Kaitiaki	June 2018	0.060	0.036	0.54/0.60	nm/5.00%
Laila	Sept 2018	0.092	0.005	1.81/1.90	nm/0.26%
Tripooow	Sept 2018	0.050	0.050	1.95/2.00	nm/2.50%
nCore	Nov 2018	0.40	0.06	na/4.0	25.0%/22.5%
ELI WMS	Nov 2018	0.110	0.110	0.60/0.75	nm/15.49%
Axieme	Dec 2018	0.050	0.004	1.75/1.80	8.00%/6.37%
Buzzoole	Dec 2018	7.8	na	10.2/18.8	5.16%/5.96%
Macingo	2019	0.3	0.152	4.0/4.3	3.64%/7.95%
Yo agent	Jan 2019	0.160	0.129	2.62/2.78	60.72%/63.73%
Wonderstore	Jan 2019	0.07	0.03	na/2.2	21.5%/24.42%
Coverholder	Mar 2019	0.350	0.052	3.5/3.85	9.27%/9.06%
Talent Garden	Mar 2019	23.0	0	108	9.22%/9.22%
Diamantech	Mar 2019	0.417	na	3.0/3.5	7.89%/8.35%
Moneymour	Apr 2019	0.30	0.10	1.46/1.76	10.00%/14.70%
GrowishPay	Jun 2019	0.714	0	4.25/4.96	37.32%/31.95%
MyCreditService	Jul 2019	0.227	0.077	2.82/3.77	0.30%/5.68%
Buzzoole	Oct 2019	2.0	0.05	7.0/9.0	5.96%/3.64%
	Date	Total funding (EUR m)	o/w DM	Impl. valuation Pre/post money	DM stake pre/post financing
2020 closed and ongoing rounds					
Quomi	Jan 2020	0.74	0.14	2.0/2.2	7.06%/11.47%
Hyperloop	Ongoing	200	na	800/1,000	6.36%/2.48%
House4Crowd	Ongoing	0.2	na	1.8/2.0	10.00%/9.28%
Aircnc	Ongoing	0.35	na	1.05/1.4	18.12%/15.00%
Axieme	Ongoing	0.5	na	2.0/2.5	7.09%/7.09%
Criptalia	Ongoing	0.5	na	3.0/3.5	10.00%/10.00%
Eligo	Ongoing	1.5	na	5.5/7.0	1.32%/1.32%
ELI WMS	Ongoing	0.5	na	2.5/3.0	20.00%/20.00%
FrescoFrigo	Ongoing	1.5	na	3.5/5.0	3.33%/3.33%
Georadio (Loquis)	Ongoing	1.5	na	3.0/4.5	0.45%/0.45%
iComfort	Ongoing	0.75	na	4.0/4.75	10.00%/9.47%
Macingo	Opening	1.0	na	4.0/5.0	7.95%/6.34%
200Crowd	Opening	1.0	na	4.0/5.0	3.65%/2.92%

Source: Company data, Banca Akros estimates

Portfolio snapshot

As per December 31, 2019 DM had in its portfolio of investments 69 operating companies, which, according to DM, generated an aggregated revenue base of EUR 78.4m, representing a 3Y CAGR of around 40%.

Aggregated revenues of DM's portfolio companies

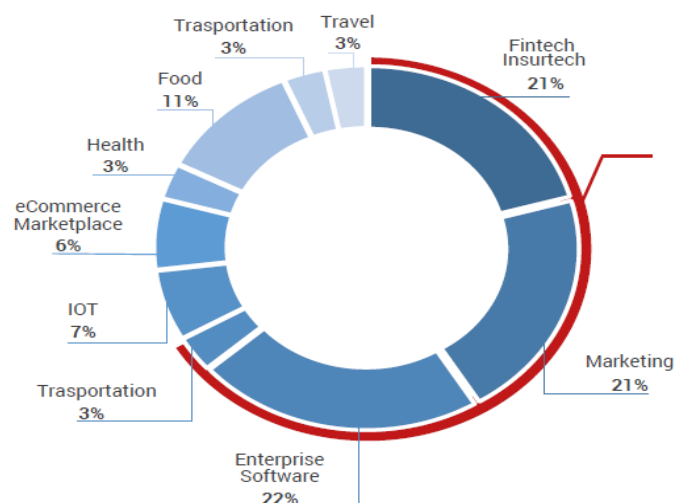


Source: Digital Magics

Most of the portfolio continues to be composed of Italian incorporated companies that are, however, looking of international expansion (i.e. Talent Garden, Buzzoole). A key holding is HTT, the Hyperloop company focused on developing the new innovative transportation systems based on Elon Musk's idea and intrinsically projected on a global scale (pilots in the Middle East, technology in Europe and the US). DM remarks that 62% of its start-ups operate in the 3 main sectors in the European VC.

We note the increased weight of Enterprise Software, now close to one third of the total (21% in 2018), and e-commerce/marketplace (6% in 2018) while the share of fintech/insurtech is stable Y/Y and marketing was down from 21% of the total.

DM Portfolio by Industry



Source: Digital Magics



Here we provide the list of the main holdings in DM's portfolio of companies, ranked by the implied value from the last financing round (finalized or ongoing except for HTT where we conservatively took the previous round).

Digital Magics's top holdings (EUR K)

Holdings	Year	Book Value	DM's Stake (new rnd)	Impl val. for 100%	Last Fin Round	Post-Money Valuation	Impl. Val. For DM	Contrib to Port Value	Cumul
Hyperloop TT	2015	340.2	5.69%	5,979	Q4 16 (ongoing)	357,000	20,313	40.19%	40.19%
Talent Garden	2014	424.2	9.22%	4,601	Q1 19	86,775	8,001	15.83%	56.02%
4W marketplace	2008	1,671	40.30%*	4,146	Q2 15	8,800	3,546	7.02%	63.04%
Livextension	2005	966.3	85.00%	1,137	Q2 19	2,600	2,210	4.37%	67.41%
Growishpay	2011	1,085	31.95%	3,396	Q1 19	4,964	1,586	3.14%	70.55%
Yo Agents	2012	936.7	51.27%	1,827	Q2 15	2,754	1,412	2.79%	73.34%
Withfounders	1905	803.6	35.00%	2,296	Q1 16	2,296	804	1.59%	74.93%
Digital Bees	2004	486.7	78.69%	619	Q4 18	1,000	787	1.56%	76.49%
Prestiamoci	2013	543.7	12.34%	4,406	Q3 17	6,100	753	1.49%	77.98%
Buzzoole	2013	507.9	3.65%	13,916	ongoing	18,800	686	1.36%	79.34%
Ncore	2017	54.7	15.00%	365	Q3 18	4,000	600	1.19%	80.52%
Epic SIM	2016	346.5	2.88%	12,031	na	19,800	570	1.13%	81.65%
Moneymour	2018	180.8	14.70%	1,230	na	3,300	485	0.96%	82.61%
Sharide	2005	480.1	100.00%	480	Q2 18	480	480	0.95%	83.56%
Coverholder	2018	244.8	8.97%	2,729	ongoing	5,250	471	0.93%	84.49%
iComfort	2019	70.2	10.00%	702	opening	4,750	450	0.89%	85.38%
200Crowd	2018	56.3	3.65%	1,542	Q4 17	4,000	400	0.79%	86.17%
Eclettica Srl	2015	292.0	23.49%	1,243	Q4 18	1,700	399	0.79%	86.96%
Criptalia	2019	107.4	10.00%	1,074	ongoing	3,500	350	0.69%	87.66%
DeRev	2014	126.6	18.93%	669	Q2 18	1,730	327	0.65%	88.31%
First 25 cos	-	10,431	-	70,336	-	552,035	46,140	91.29%	91.29%
Next 10 cos	-	1,505	-	29,275	-	28,627	2,163	4.28%	95.57%
Final 31 cos	-	1,985	-	32,951	-	43,177	2,239	4.43%	100.0%
Grand Total	-	13,922	-	132,562	-	623,839	50,542	100.0%	100.0%

Source: Company data. Note: The latest Cap inj refers to the latest capital injection finalised by DM and/or other investors professionals; Implied valuation refers to the valuation underlying the aforementioned capital injections. Implied valuation must be considered only indicative. Please refer to our valuation section of our estimates on these holdings. (*) excluding the impact of own shares

Portfolio detail

Hyperloop

Profile. Hyperloop Transportation Technology (HTT) is an American Technology company created to develop the innovative transportation model based on the Hyperloop white paper made public by Elon Musk in 2013. HTT was founded in 2013.

Investment. DM is a shareholder in HTT with an indirect participation of 5.69% via its 6.36% stake in Jumpstarter, which in turn owns 89.5% of HTT. The reduction in the stake from the previous (as at December 2018) 7.78% is the consequence of work for equity and the vesting of stock options at Jumpstarter.

Other investors: the main shareholder with 89.5% is Jumpstarter, originally a crowdfunding platform. The CEO of Jumpstarter Dirk Ahlborn is also the Chairman of HTT.

Financing rounds: We estimate that HTT has received to date around USD 50m actual cash funds, plus significant contributions in kinds from different stakeholders resulting in a post-money valuation of USD 400m in the round started in 2016.

According to DM's "Portfolio Highlights" document, HTT is still involved in an ongoing financing round (as already reported one year ago) with a target post-money valuation of USD 1bn. We understand this is a complex negotiation that could take several months to be completed, also linked to the actual realization of the planned working prototype.

Business Model. Based on licensing only. HTT will not actually build, nor manage, Hyperloop operations.

Product development. October 2018 (Spain). Presentation of full-scale passenger Capsule. February 2019 (France) development of first test track (320 metres). In 2019 HTT carried on a feasibility study with the Northeast Ohio Areawide Coordinating Agency, which demonstrated the technical and economy feasibility of a section that connects Cleveland, Chicago and Pittsburgh in the US.

Results. The actual revenues are still very modest as they are just based on feasibility studies, grants and advertising. It booked USD 0.65m revenues in FY 2017 and we understand that in presence of fewer studies, the FY 2018 results were actually lower while FY 2019 performance was not disclosed. HTT aims to generate meaningful revenues starting from the year 2022 when the development phase will be completed.

Business Development: 10 agreements with national governments in place. Agreement to build a commercial prototype in Abu Dhabi, construction starting in Q3 2019 originally in order to deliver in time for the 2020 Expo. The latter has been postponed to 2021, so that both development and funding have one more year to be finalized.

Target Market size trends (unchanged from last year). EUR 1.35bn market value for the Hyperloop Technology in 2022, USD 6.3bn in 2026 (Source: Markets&Markets, June 2017).

Competition. HTT is one of the two operators entitled to use the know-how for this innovative railway system.

Virgin Hyperloop One (VHO) was created in 2013 as Hyperloop technology, renamed Hyperloop One in May 2016 and Virgin Hyperloop One with the investment of Virgin Group's founder Richard Branson who became chairman at the end of 2017. VHO said at the time that the total funding since inception reached USD 295m. The reported valuation at that time was around USD 700m. One year later, change in CEO and chairman, with the latter role taken over by Sultan Ahmed bin Sulayem the Chairman and CEO of DP World (Dubai Port authority, a key partner and now the largest investor in VHO). The current planned projects include Pune-Mumbai in India, while the earlier feasibility studies involved the United Arab Emirates, Finland and Sweden, the NL, Switzerland, Moscow, and the UK. VHO planned to raise further USD 225m in a funding round taking place from May 2019, we understand the company managed to obtain between USD 173/200m fresh capital.



Valuation. While the accounting value of HTT stake is just EUR 340K implying <2.5% of DM's total book value and the #12 position among the investee companies, HTT is the main asset in DM's portfolio based on the past and ongoing financing rounds. We maintain the previous valuation of the asset in the region of USD 0.3bn, implying EUR 16m for DM's stake, down from EUR 22m due to the above-mentioned dilution in HTT's capital.

Talent Garden

Profile. Talent Garden, founded in 2011, is the main European network of co-working spaces dedicated in particular to digital professionals. TAG is currently present in 8 European countries with 26 campuses and has been selected by CDP to launch a new campus in San Francisco.

Investment. DM is a shareholder in Talent Garden since 2014 and in October 2018 it has sold part of its stake back to the company founders for EUR 3.6m (EUR 3.2m capital gain). The current stake is 9.22%.

Other investors: the remaining 90.8% of the capital is equally divided (45.4% each) between TAG's founders and other investors including TIP, which was the lead investor in the March 2019 round.

Financing rounds: TAG has received to date EUR 30m in funding, including EUR 6m in 2016 (implied valuation EUR ~18m post-money) and EUR 23m in Q1 2019 (EUR ~108m) in around that also included EUR 21m debt.

Business Model. TAG operates three main revenues lines, a) rent of co-working spaces, based on a "membership" formula valid across all its spaces and according to a monthly fee, b) organization of events to develop the community and spread innovation (eg Futureland); c) training and education with the "TAG Innovation School" dedicated to the digital business. We highlight that TAG does not own the buildings where branches are located, its investments are related to the refurbishment and set-up of the locations.

Results. TAG has grown by almost 150% p.a. between 2015 and 2017, driven by increasing size and members' number, with its real estate delivering better yield. While the EBITDA break-even was met in FY 2017, TAG almost the EUR 10m revenue level in 2018 and grew by further 70% last year, a notable performance however missing the original target, as disclosed by the CEO in an interview of EUR 24m due to some delays in opening new campuses (26 instead of 30 planned).

Business Development. TAG grew also via M&A, in Feb-2018 it acquired 51% of the Danish co-working player Rainmaking Loft (1,000 members in 4 campuses in Copenhagen) for an undisclosed amount, while in Feb-2019 it acquired the company behind the Singularity University (Italy Switzerland and Spain). The last funding round should help TAG accelerate its expansion in Italy and abroad. In March 2019, TAG opened a new campus in Madrid.

Targets: TAG intends to open "20 new spaces in Europe" in the next 5 years, with a focus on South and Eastern Europe, in order to achieve 100% annual growth in main metrics such as number of members. The company will also develop the educational business which provides the largest profitability



Talent Garden highlights

	2015	2016	2017	2018	2019
Revenues	1.4	4.3	8.7	9.7	17
Locations (Countries/Cities/campuses)	4/14/14	5/15/14	6/16/17	8/18/23	8/na/26
"Members"	650	1,500	2,500	3,500	na
SQM	7,450	10,665	16,074	>30,000	na

Source: Digital Magics, Banca Akros estimates

Target Market size and trends. The flexible office market was basically born in 2010 and was already worth at a global level some USD 27bn in 2018. The growth rate to 2027 is estimated (Source: Zion Market Research, Sept 2019) at 17% compounded. The main driver is the diffusion of start-ups from the US to Europe, and APAC too – a start-up usually does not have enough money to pay a full office rent in its early stage –and by the business opportunities that digitalisation can generate through connections among professionals. In this context, some players have launched educational programs for digital professionals.

The spread of Covid is obviously having an impact, with co-working spaces (along with most traditional corporate offices) basically deserted across the world for at least a couple of months. The extent and pace of the normalization process is still difficult to be assessed, however for some time the way of working and living will be different. We believe that the co-working concept will still be relevant in a post-pandemic world, requiring the re-design of offices, common spaces and facilities.

We note that TAG is much more than just co-working spaces, rather a platform (physical + digital) for events and training.

Valuation. The book value of EUR 424K reflects the original acquisition price and compares with EUR 3.6m disposal value for the same number of shares in October 2018. Based on the last founding round, the 9.22% owned is worth close to EUR 10m. We believe that in keeping the previous valuation of EUR 8m we remain on the conservative side, as business has significantly grown last in 2019, and with all the current difficulties the underlying market is still relevant and the company keeps adjusting its business model and its cost base, far from the hype boom and bust of the WeWork story.



MAR-TECH

Buzzoole

Profile. Buzzoole is an end-to-end digital platform for influencer marketing, allowing brands to plan and execute digital PR campaigns in a totally automated fashion. Buzzoole claims to have the most advanced AI (Growing Artificial Intelligence for Influencers Affinity-GAIIA), technology applied to influencer marketing.

Investment. DM owns 3.64% of the company, with a book value of EUR 508K (Dec 2019). DM was diluted from previous 5.96% during the last financing round in Q4 2019, in which it invested EUR 50K.

Other investors: The main shareholders include the company founders, StarTIP, Vertis and R301 capital. The updated stakes after the last financing round are not disclosed.

Financing rounds: In 2016, Buzzoole closed a EUR 1.75m financing round through a convertible note for an implied valuation of around EUR 6.3m. In another round in 2018 collected EUR 7.8m with a valuation of EUR 18.8m. In October Buzzoole completed the last financing round of EUR 2m took place, subscribed by the company founders and the existing shareholders.

Business Model. The company offers a full media channel solution supporting different kinds of campaigns, from social boost to live tweeting, blog, "social activation" and on-site events.

Product development. Buzzoole claims to have an innovative AI platform; in any case it is still investing in R&D and scalability and to further develop the project.

Results. Buzzoole's revenues grew by 66% Y/Y in FY 2018 to EUR 7.1m, with a gross margin (taking out the fees paid to influencers) of 60%. We do not have more recent figures, but we understand the company has faced a highly competitive environment abroad and has reconsidered its international activities and expansion plans, refocussing its business on Italy and on the technological platform.

Valuation. Feeling that our estimate of EUR 10m revenues for FY 2019 was largely missed, we cut our valuation of Buzzoole by around 30%, and bring it in line with the value in DM's book (EUR 0.5m for 3.64%).

4W MarketPlace

Profile. 4W MarketPlace (4W) is the main independent network for digital advertising in Italy. The company aggregates several digital publishers (mobile/web) to better monetise advertising spaces, offering multi-format advertising solution including native (the original focus of the company), display and video (both direct and programmatic) to both media centres and top tier brands. Thanks to the acquisition of ProAdv/Simply from Dada back in April 2015, 4W consolidated its leadership position especially in native & programmatic.

Investment. According to the FY 2019 financial report, DM has invested EUR 309K last year reaching 40.3% stake (from 32%). DM is the main shareholder of the company; its EUR 1.67m at book value at Dec 2019 is also the largest in the DM's portfolio, in which it has been present for above ten years. 4W also sees the direct involvement as executive chairman, of Mr Ronchini founder and CEO of DM.

Other investors: Following the acquisition of Dada's programmatic business, Register.it has become in 2015 the second largest shareholder with 25% of the capital (for an implied valuation of EUR 2.1m of the target). The Italian VC Firm Principia is the third shareholder with 23%. We understand that during 4W acquired most of the participation of Register and Principia, so that the actual stake of DM is estimated at around 62%.



Financing rounds: Principia entered in 2012 with a EUR 2.5m investment while the 2015 financing round mainly consisted in the contribution in kind by Dada which valued the business a total of EUR 8.8m.

Results. 4W revenues are seen flattish in the region of EUR 7m since 2016. The net financial position was positive for EUR 2.1 at the end of 2017 (EUR 1.4m as per December 31, 2016).

Valuation. We believe the exit strategy should involve a trade buyer, which could be another larger (domestic or international) advertising operator or a traditional media group. We value the business almost EUR 8m, unchanged vs. last year in absence of significant top-line growth. At the December 2019 stake, the participation of DM is valued EUR 4.6m.

LiveXtension

Profile. LiveXtension (LX) is a marketing communications agency, focused on the digital medium, with a focus on social, who applies creativity and innovation to the most traditional media. It combines planning, creativity, and publishing capabilities with an extensive knowledge of all the techniques of direct response media. LX has created and managed successful campaigns for Smemoranda, Telecom Italia, Study Tours, Seven Invicta, Intesa Sanpaolo, Fastweb, Diffusione Tessile, Disney Television, Sorgenia, Fiat Auto, Despar Nordest, the Huffington Post Italia.

Investment. Livextension is the oldest investment in DM's portfolio (since 2005) and is also the first company that moved into the new campus Milano Calabiana street in September 2015 (where it stayed for two years).

DM controls 85% of the company (book value of EUR 0.97m, unchanged Y/Y). DM had sold its digital marketing unit Webworking Srl to LX in 2016 for EUR 590K. In FY 2018, DM waived credits worth EUR 350K against the company and bought shares from other investors increasing its stake from 70% to 85%. In FY 2019, DM waived further EUR 300K credits and wrote down the value of its stake by the same amount.

Results. In FY 2018, LX generated EUR 2.2m revenues, +14% Y/Y, with an operating income of EUR 53K (-93K in FY 2017). No official figures available for FY 2019 but we understand that last year was affected by the absence of project from large clients, which are being implemented in 2020.

Valuation. In presence of revenue pressure and lacking new catalysts, we cut our valuation of DM's stake from EUR 2.8m to EUR 2.2m.

Digital Bees

Profile. Digital Bees is a MarCom company, which defines itself as "the first Video & Content Facilitator in Italy". Its proprietary technology allows seamless quality video content delivery inside every digital publishing space. Their "snack videos", ideal for swift fruition in a native editorial context, can be licenced, UGC selected or produced in house, all compliant to most recent audience and editorial expectations. The Video Native Widget is provided in 6 different formats and can be white-labelled and customised. The editor can choose and update real time its playlist composition and placement features.

Investments. DB is one of the oldest investments of DM (since 2004), which is the main shareholder of with a 78.7% stake. During FY 2019, DM waived EUR 90K credits toward its associate at the same time it wrote down its book value by EUR 300K, to EUR 487K.

Other investors. The CEO owns 13.1% of the capital, business angels 8.2%.

Financing rounds. The company had a EUR 525K financing round in April 2015 with a post-money valuation of EUR 1.53m. We understand that DB is currently in the process to collect fresh money (EUR 500k capital round, deliberated in April 2020, supported by Digital Magics).



Business model. DB operates content video selection (including licensed, in-house produced, branded content), which feeds the “clever library console” that organizes by target/category matching them to the proper playlist on the video native widget. third party editors receive the chosen playlist through their VNW. The final product is a video content recommendation of qualified inventory. The inventory includes 50m monthly video views, for 50% of which (verified inventory) DB also manages advertising collection.

Results/targets. DB more than doubled its revenues in FY 2016, to around EUR 0.7m, also generating a positive EBITDA for the first time. The business has remained broadly stable in the following two years as the company has revised its business model and launched “special projects” to exceed the EUR 1m revenue threshold in FY 2019. However, the repositioning of DB’s main business partner led to a drop in revenues (EUR 0.4m in 2019). The company is seeking new opportunities to relaunch the product.

Valuation. Based on declining revenues and the above write-down, we cut our valuation of DM’s stake from EUR 1.5m to EUR 0.8m.

Leevia

Profile. Leevia is a Digital MarCom start-up specialized in social media marketing. Through its platform, customers can engage their followers in marketing campaigns as testimonials. Successful features include photo-contests, designed for companies aiming to improve their clients’ engagement, and social media awareness tools, to get projects and events “viral”.

Investment. DM owns a 6.51% stake (6.75% as at Dec 31, 2018), worth EUR 6.73K at book value at the end of last year (unchanged).

Other investors. Founders own 70% of the capital (2017).

Financing round. Latest financial round dates to Dec 2017, when Leevia raised EUR 150K, with a post-money valuation of EUR 2.15m.

Business model. Leevia’s customers include B2B Brands, firms, and media agencies. Pricing differs according to the requested customization: EUR 99 a week, when the service is hosted on Leevia’s servers; EUR 500 a week (or more) on the customer’s domain (“white label”). Additional services include legal advisory (compliance with Italian rewards programs regulation) and creative support. Moreover, the platform provides analytic tools, to evaluate the results and return on investment, and a complete lead collection.

Results and targets. Leevia posted EUR 436K revenues in FY 2018, +3% Y/Y, and we understand that growth has been modest last year as well. Leevia aims to increase its penetration in the Italian market (~7K rewards programs p.a.), with a focus on small-medium programs, which offers the highest profitability.

FINTECH

Prestiamoci

Profile. Prestiamoci is an Italian platform for Peer-to-Peer lending (specifically, consumer loans) The company has two licenses (financial and payment institute) and it is under the supervision of the Bank of Italy (ex. art 106).

Investment. DM is the second largest main shareholder of the company with 12.34% stake (12.53% at the end of 2018), down from 16.8% at the end of 2017, worth EUR 544K at book value at the end of last year (297K as at Dec 31, 2018).

Other investors: The founders are still among the shareholders but with a minority stake (14%), other investors owning 71% include Banca Sella, Club Italia Inv. and Innogest.

Financing rounds. In 2017, Prestiamoci closed a EUR 1.6m financing round for a post-money valuation of around EUR 6.1m.

Business Model. The company originates loans and manages payments and collection terms. The lenders, individuals or corporates, can lend EUR 1.5/25k at interest rates between 3.9/10.35% (the avg. yield of the portfolio was 5.2% in 2019) with a maturity between 1 and 6 years. The deals are signed and validated under a digital signature procedure and Prestiamoci directly manages a secondary market for each loan with a maximum size of 5% of total outstanding loan per month. Prestiamoci collects a 1% annual fee on the invested amount to participate to the marketplace, and around 7% (including all services) on the loans received, whilst the mandatory account on the platform and/or the secondary market are free of charges. The company invests along with its clients.

Results. revenue growth has accelerated in the past year (+150%), definitely more than loan generation (+35%) highlighting the positive impact of repricing, of recurring business and additional revenue streams.

Prestiamoci KPIs and results (EUR K)

	2016	2017	2018	2019
Revenues (EUR K)	65	353	610	1,500
Loans provided (cum., EUR m)	5e	5.1 (10)	8.1 (17.3)	9 (23)
Number of clients, EoP	na	2,075	2,840	4,000

Source: Digital Magics, Company Data, Banca Akros estimates

The market. P2P lending is among the fastest growing segments in the financial lending market and, after the 2008 financial crisis, became an alternative way to collect money other than from financial institutions. P2P lending includes loans to individuals (marketplace lending) and P2P loans to business ("crowd-lending")

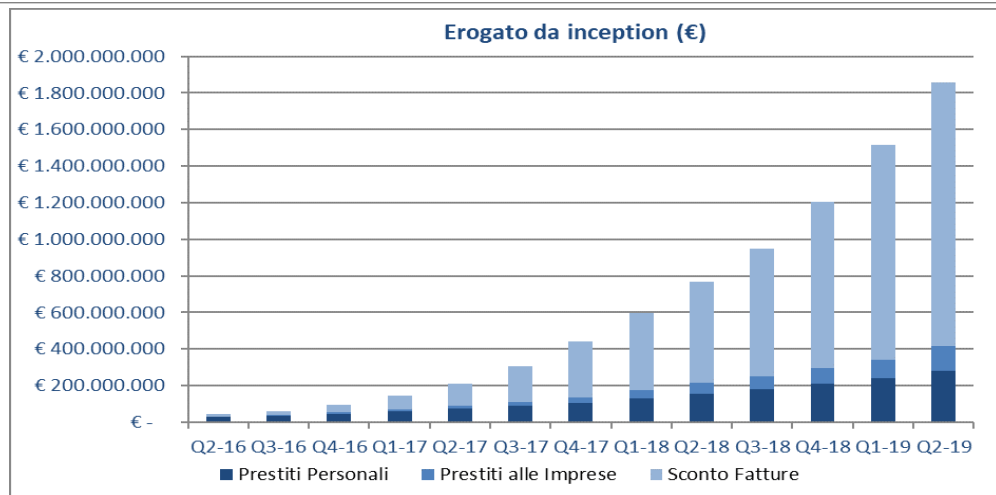
According to Allied Market Research (2019) and Total Market Research, the global Peer to Peer lending market should grow by around 30% CAGR from 2020 to 2027, to a total of USD 560bn in loans worldwide.

Under this broader definition, the European P2P lending was worth USD 6.2bn in 2016 and is expected to reach EUR 31.4bn by 2022. (source: Alterinvesting.com). The consumer P2P lending component is estimated at EUR 4.4m in 2019, with +25% Y/Y growth in Q4.

In Italy, the industry observer "P2P Lending Italia", which tracks the ten largest platforms, has assessed a market of EUR 731m for 2018 (EUR 1.2bn since inception in 2016), up from EUR 340m the previous year. The figure for the whole 2019 is not available yet. The largest segment is represented by loans to businesses (including invoice discounting, which account for almost 90% of the total. The target market of Prestiamoci "persona loans" was worth EUR 102m, while in H1 2019 it reached EUR 75m. According to some industry participants, a market size of EUR 300m could be in sight in a couple of years' time.

Targets: Prestiamoci aims to a) grant EUR 5m on a monthly basis (last year it looked for EUR 3m), b) obtain 70% financing from institutional investors; c) offer 5.5% avg yield to investors.

Italian P2P lending market Q2 2016/Q2 2019



Source: P2P Lending Italia

Valuation. The last round of financing implies EUR 6.1m post-money or EUR 2.37m value for DM' stake. As the company has increased its medium-term target to EUR 5m and is closer to hit the previous goal of EUR 3m, we feel this implied value is validated (unchanged Y/Y).

Epic SIM

Profile. The company operates a marketplace to allow Italian SMEs to access to medium/long term finance, complementary to the banks' offer. Epic developed and launched the 1st platform in Italy to match SME fund raising requests and professional investors looking for yields and alternative investments. Investors can evaluate the risk/profile of each deal considering both issuers figures, third parties credit analysis and other investor feedback. EPIC is the fourth-largest company by total value in among DM's portfolio, at EUR 13.4m based on the investment round of 2016.

Investment. DM first entered in an industrial partnership with Epic in Nov-2014, to support its start-up ecosystem with the equity investment platform of the latter, and later entered the capital taking a 3% share in 2016. The current book value is EUR 347K (unchanged Y/Y).

Other investors: The founders (including the current CEO and the executive board member) still own 80% of the company.

Financing rounds. In 2016, the company collected EUR 4.8m; the last capital round (Dec 2018) raised EUR 0.5m, for a post-money valuation of EUR 13.4m.

Business model. Epic SIM is a financial player authorised by the Bank of Italy. It is working to become the core fin-tech operator in Italy, thus benefitting from the changing attitude of investors and corporates to bypass traditional financial institutions. Investable instruments range from bonds to loans and equity. The revenue model includes: i) a transaction fee applicable as a success fee if the deal is finalised; ii) a one-off retainer fee for all the tasks related to mandate execution from corporates. The company has launched a dedicated channel for start-up financing and currently serves around 100 domestic and foreign professional investors.

Results. The actual revenues were still relatively low until recently EPIC posted c EUR 200K in FY 2017 with 6 deals. The 2018 performance was very strong with EUR 1.8m revenues. FY 2019 results are not disclosed.

Valuation. Very early stage of the business with still modest revenue base but large opportunity. We note a lack of proper comparable in the stock market. The book value of EUR 347K basically reflects the last investment round (EUR 13.4m for 100%). We confirm our previous assessment of EUR 19m for the whole business, EUR 570K for DM's stake.

The ING Project (200 Crowd)

Profile. 200 Crowd is a digital platform (operated by the company Ing Project srl) of equity crowdfunding that allows non-listed companies to raise money from private investors; the company developed a syndicate funding model based on retail and professional investors (business angels, venture capital and financial holdings). Candidates are filtered through a selection process operating on a proprietary algorithm. The access to the platform is free for everyone, directly on-line and with flexible investment size. The company was founded in 2013, received Consob authorization the following year and in 2015 it launched its first campaign.

Investment. DM entered in INGP in 2017 and converted its participative financial instruments in 3.65% of the capital in early 2018. The book value is around EUR 55K (unchanged since December 2018).

Other investors: The founders and employees control 51.42% of the company; Five.Eight, an accelerator specialized in crowdfunding and Fintech, owns a 5.22% stake.

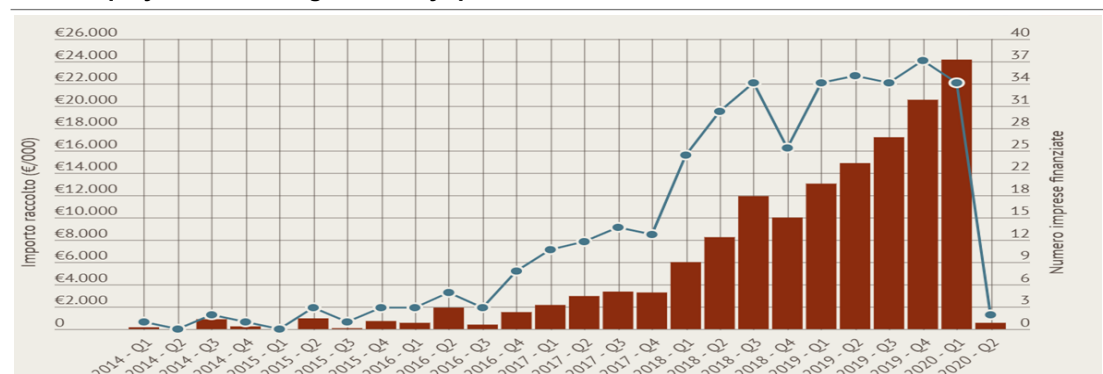
Financing rounds. In 2017, INGP concluded a financing round of EUR 300K valuing it EUR 1.25m. One year ago, we noted that the company was engaged in a further EUR 1m round with a post-money target valuation of EUR 4m. We understand this financing round is still open as Ing Project is looking for an anchor investor to inject most of this finance and support its business with a strategic partnership.

Business model. Revenues are based on a two-step fee composed by: a flat fee on consulting services (legal, marketing and fundraising strategy) and a success fee on the total amount raised.

Results. INGP collected a total of EUR 15m in 2019 from EUR 5.1m in 2018. Revenues are estimated in the region of EUR 300K, they were just EUR 100K (2018). The company made a total of 43 campaigns with a success rate of 76%. As at March 31, 2020, the users of the platforms were 15,000 (vs. 6.5K a year before), the active investors 3,000 (600).

Market. The equity crowdfunding market in Italy is still small and booming, with 89% growth in H1 19 (EUR 27m; EUR 36m in FY 2018), out of total EUR 83m since the market started in 2014). In Q1 2020, the market hit a new record with EUR 24.2m collection for 34 companies.

Italian equity crowdfunding market by quarter 2014/2020

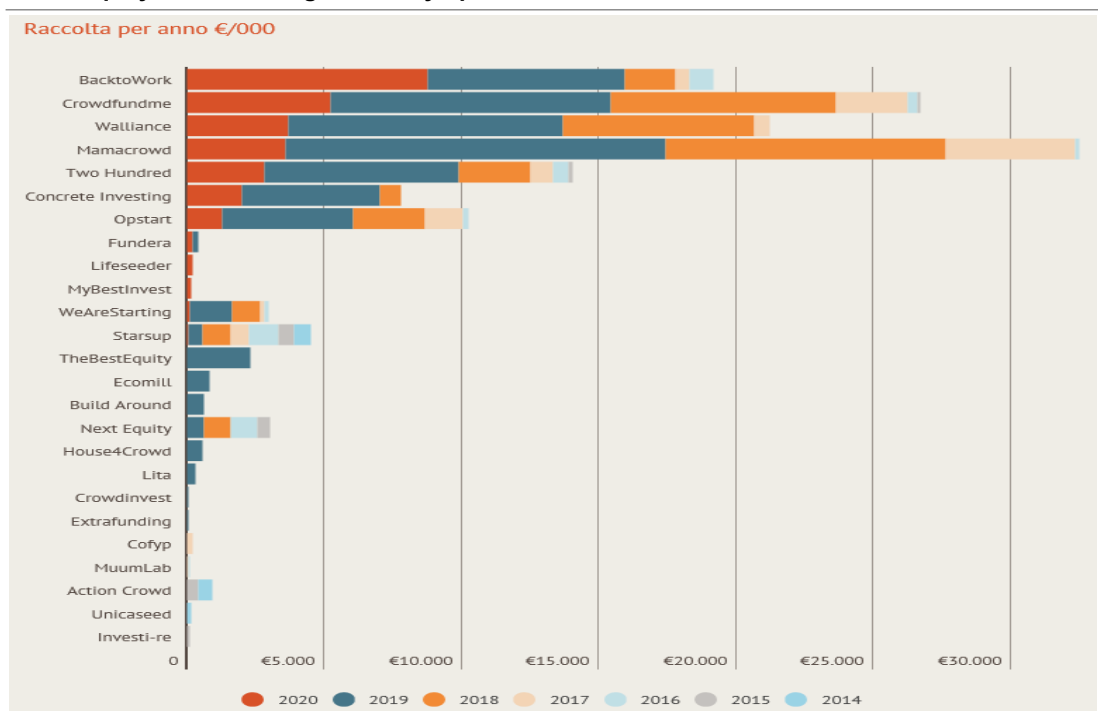


Source: <http://www.crowdfundingbuzz.it>

Business Development. The main strategic directions include a) Expansion of the network of qualified investors; b) Extension of the use of the portal to all SMEs, including also non-innovative ones; c) Diversification of services providing more financial instruments for raising capital; d) Creation of mechanisms to improve the liquidity of the financial instruments offered.

Competition. The growth perspective offered by the Italian market has clearly sparked a vibrant ecosystem (18,000 investors, 140 start-ups financed, in 2019, +24% Y/Y) with the entry of several local players such as Mamacrowd, CrowdFundMe, StarsUp, OpStart or WeareStarting. As at Jun-2019, the market counted 35 digital platforms (Source: Politecnico of Milano) which since inception have cumulated 401 offers (with an average success rate of 71.7%). The main 4 platforms account for 80% of the market, including a real estate crowdfunding platform (Walliance), while 200 Crowd is in fifth position.

Italian equity crowdfunding market by operator 2014/2020



Source: <http://www.crowdfundingbuzz.it>

Peers. We note the floatation (March 2019) of the Italian peer Crowdfundme, which raised EUR 2.8m on the AIM market with the placement of 30% of its capital. At the current market cap of EUR 8.3m (vs. EUR 1.3m net cash position) it is currently valued 16.7x FY 2019 revenues (which were actually up by just 8% Y/Y), implying a quick multiplication of turnover expected in the next few years

Valuation. The market opportunities are impressive, and the potential synergies in being in the DM ecosystem could be significant. Pending the completion of the last investment round, we maintain our fair value as the average between the implied valuation from the last funding round and the current book value, which implies EUR 100K.



GrowishPay

Profile. The company was founded in 2011, and since 2014 it operates a “social payment” platform, offering solutions to transfer money between the final users (P2P) or to pay for purchases within a specific network (P2B).

Investment. DM is a long-time investor in GrowishPay (since 2011) and the book value is the second largest in the portfolio at EUR 1.09m for a 31.95% stake (diluted as a consequence of the 2019 financing round, from 37.3% at the end of 2018).

Other investors. DM is the main shareholder in GP, followed by the company’s founders with 27.2% and the partners in R301 capital SA with 18.8%.

Financing rounds. GP has collected in July 2019 around EUR 1m, including EUR 571K in equity crowdfunding, EUR 250K from SisalPay (contribution for “Open Innovation” and EUR 152m from other investors. The post-money valuation is almost EUR 5m. The total funding to December 2019 is around EUR 2.3m, including 500K in the first round in 2014, EUR 400K in 2017 and EUR 410K in 2018.

Business Model. The revenue model is rather diversified, as it is based on commission on transaction volumes, the offer of premium services, set up fee and other fees for B2B2C solutions, cross-selling of third-party services and digital advertising.

Results. The company does not disclose revenues. The main KPIs include EUR 17m transaction since inception to 2018, up by 237% Y/Y, involving 65K users and around 950 merchants.

Valuation. We adopt the most recent financing round as a benchmark with a valuation of EUR 5m (EUR 1.6m for DM). We remain positive on this story taking into account the success of the crowdfunding portion, the business model evolution and the specific targets provided.

Coverholder

Profile. Coverholder is a fully Digital Managing General Agent, offering a SaaS platform with digitised insurance policies to intermediaries. It fully automates the process of distributing and underwriting insurance policies, cutting the time to close a policy and release the insurance certificate from several weeks to a few minutes. Founded in 2016, the company has been growing exponentially since the SaaS platform was launched in 2017. Coverholder has developed an “Augmented Underwriting” product, a proprietary algorithm that uses Machine Learning techniques to assess the risk of underwriting a certain policy, thus enhancing the underwriting process, and making it more accurate and efficient.

Investment. DM acquired a 9.27% stake in Coverholder in 2018, for an investment of EUR 239K (the largest in the year). At the end of 2019, the stake was 9.06% with a Book Value of EUR 245K.

Other investors: The company founders still control 88.67% of the capital, the fund Velocity Capital Advisors 2.27%.

Financing round: The last round, completed in March 2019, raised EUR 350K for a post-money valuation of EUR 3.85m

Business model. The revenue model is based on fees against the value of the insurance premium. Coverholder’s services are available in a SaaS platform used by individual agents and brokers. White label solutions and API platform are available for insurance carrier’s captive agent networks and new distribution channels such as Bankassurance.

Results. Coverholder reached EUR 1.8m gross revenues in FY 2019, based on EUR 7.1m insurance premium underwritten (+76% Y/Y). Last year CH issued 17.1K insurance policies via 297 agents/brokers.

Targets. Increase in the sales/broker network, extension of product/services range. International expansion on a European (opening the first office in the UK) and global basis.



Market. The Italian insurance market is worth EUR 151bn (28% of total EU). The penetration of on-line is still limited; according to il Politecnico di Milano, only 14% of Italians have bought an insurance policy on-line, in most of the cases (86%) a car insurance.

According to Astorya.vc, the European insurtech market saw 55 deals and more than EUR 800m invested in insurtech start-ups; in particular, the three largest capital rounds (Wefox, Friday and Ottonova) collected approx. EUR 400m. Wefox is the largest player, with EUR 100m revenues, 1.5k brokers and 500k customers. According to Techcrunch, this company has completed in December 2019 a USD 110m funding round valuing the company USD1.65bn pre-money.

Valuation. Considering the growth trajectory and the valuations applied to this kind of companies, we consider a potential appreciation of 50% from the last capital round, implying EUR 0.5m valuation for DM's stake.

Axieme

Profile. Axieme acts as an intermediary between the final customer and the insurance companies, in order to provide coverage following the principle of the so called "social insurance". Axieme is not an insurance company, Axieme partners with them as they guarantee the compensation in case of claims thanks to their financial strength. The innovation provided by Axieme includes: the equal social mechanism, the giveback calculation algorithm, a forward-thinking team and ability to provide professional assistance with a digital model.

Investment. DM acquired a 5.89% stake in Axieme in 2018, for an investment of EUR 108K. During 2019, DM invested further EUR 50K, reaching 7.09% stake at the end of December (EUR 158K book value).

Other investors: The company founders control 63.9% of the capital, Kinetica srl 4.8%, other investors 24.2%.

Financing round: The last round, completed in 2019, raised EUR 500K for a post-money valuation of EUR 2.5m

Business Model. Axieme is an insurance broker, which distributes insurance companies' products through its platform. The business model includes three activities: B2C, i.e. the sale to end user: fees are collected from the insurance companies; B2B: the platform is offered to a distribution partner (banks, agencies or companies which aim to offer welfare benefits or insurance protection to their customers and employees) against a subscription fee; revenues are shared between Axieme and the distribution partner; B2Insurer: a kind of B2B model designed for professional insurance broker.

Results: Axieme generated a turnover of EUR 90K in FY 2019 (18x Y/Y). With 6 insurance partners, the retail customer reached 1,500. The company said it has in place pre-contracts with 2 retailers, 1 energy company and 1 bank.

Market: According to Insuranceeurope.eu, European insurance market was worth EUR more than 1,300bn (gross written premiums), of which 58% life, 31% property-casualty and 11% health. Italian market accounts for around EUR 140bn in premiums and EUR 12bn in commission for brokers and agents. As regards distribution channel, non-life segment is characterized by a large penetration of agents (76%), whereas life segment is dominated by bancassurance (73%).



LOGISTICS/E-Commerce & Other

Quomi

Profile. The company operates in a specific segment of the of food e-commerce business, namely the food-kit delivery. With Quomi, customers can start cooking their desired meal (out of 9 available per week) with fresh ingredients packaged in a box along with the cooking instructions.

Investment. DM owns 7.06% of the company since 2015; the book value is EUR 2.9K (unchanged in 2019).

Other investors: Quomi's founders (formerly at Zalando) control 38.6% of the company.

Financing rounds. Quomi has received so far a funding of EUR 1.1m, including EUR 200K in 2019 at EUR 2.2m post-money valuation. The financing round in October 2017 collected EUR 650K implying EUR 2m.

Business Model. The mission is to support a healthier lifestyle providing meals to cook at home; all meals are in line with the Mediterranean cuisine. The service is provided through a meal kit (variety of meal boxes per week with ingredients and cooking instructions). The revenue model includes weekly plans with 2 to 5 meals per week of two seizes (couple or family), costing from a minimum of EUR 34 per week to a max of EUR 64. The subscription is without obligations or contract, the customer can stop at any week. Since April 2018, Quomi started the sale of its meal kits also off-line, through some POS of large-scale retail stores

Results. In FY 2018, Quomi generated EUR 550K revenues, vs. EUR 245K the previous year. The company also disclosed (on Crowdfundme) a Customer Life Time Value (CLV) of EUR 161, which compares with a Customer Acquisition Cost (CAC) of EUR 41. Q1 2019 orders were up by 46% Y/Y and customers surpassed 10K.

Valuation. The implied valuation of DM's take from the last round of financing remains in the region of EUR 140K. The value of the main international listed operator Hello Fresh was up by around 300% in the last 12 months, while Blue Apron was stable. We believe the current scenario is favorable for this kind of business model. We value DM's stake EUR 150K (from EUR 120K).

Macingo Technologies

Profile. Macingo Technologies is an innovative start-up operating in the online transportation market. By aggregating the offer of above 2,000 independent carriers, the company created a marketplace for the transportation of bulky goods over long distances. Macingo claims that, thanks to the optimization of carriers' capacity and the direct pricing by the logistic provider it is possible to cut costs up to 50% and reduce CO2 emissions, compared to traditional operators.

Investment. During 2019, DM increased its stake in Macingo from 3.64% to 7.95% following a EUR 300K financing round. The book value was EUR 212K at the end of 2019 vs. EUR 59.K as of December 31, 2018.

Other investors: The company founders still control most of the capital of Macingo (77.07%); other investors are Mecar (a multi-region dealer of CNH) with 11.63% and Factory Accademia (a Sicily-based incubator, partner of DM) with 3.35%.

Financing rounds. Macingo completed a EUR 300K financing round in 2019, with a post-money valuation of EUR 4.3m.

Business model. Through an active bidding process, the website provides to shippers a range of quotes directly from the logistics provider; the list of options is fed with the carriers' vehicles availability. The platform has a mobile-first approach, so carriers and shippers can communicate constantly. On the carrier side, Macingo is also a mobile app, which allows collecting nearby requests even while travelling, via geo-localisation. The company is planning to launch soon its B2B platform, Macingo for Business, which will automatically provide a quote, and will assign the transport to a carrier of Macingo's community. The revenue model is based on commissions (12% of final price, paid in advance by the customer) for each completed transport.

Results. Revenues are growing at remarkably high rate, in excess of 100% in FY 2019 (+87% Y/Y in 2018), along with the transport turnover generated. In 2019, Macingo received 151K requests (132K in 2018), with an average conversion rate of 8.1% (8% in 2018, 7.5% in 2017).

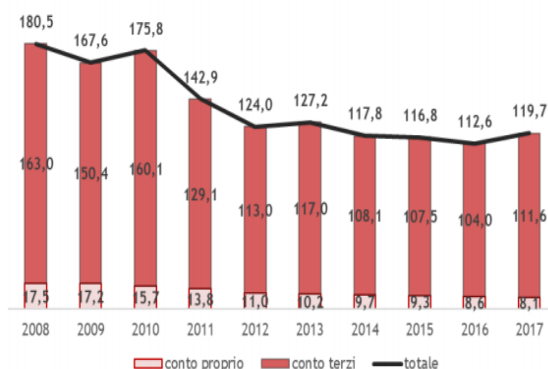
Macingo KPIs and results (EUR K)

	2016	2017	2018	2019
Revenues (EUR K)	141	267	500	1,140
Turnover generated by carriers (cum., EUR m)	na	3.2m	6.9m	13.5m

Source: Digital Magics, Company Data

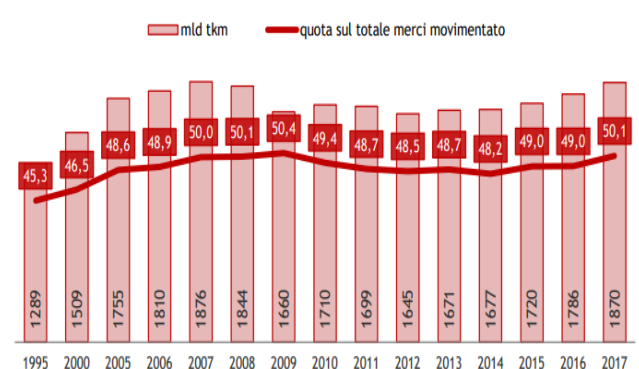
Market. the Italian road transport market is worth about EUR 8bn with about 113K carriers, 80% of which are both owners and drivers (*padroncini*). According to ISTAT (see below) after a steep decline (-31%) between 2008/12, the market has stabilized at 120bn t-km (+6.3% Y/Y in 2017).

Italian road transport market (bn t-km)



Source: ISTAT

EU28: road transport market



Source: Anfia on Eurostat data



Confetra (*Nota congiunturale I Semestre 2019*) also reports a weak recovering path, with a slow-down of carriers' revenue growth (+2.3% Y/Y, which compares with +2.6% in FY 2018 and +5.9% in FY 2017).

Valuation. Based on the 2018/2020 revenue estimates, the above trade deals, and the post-money valuation we value DMs stake EUR 0.4m.

Peer deals

	UShip (2017)	Coyote Logistics (2013)	Freightquote.com (2014)
Net revenues (USD m)	na	1,050	124
Deal amount	25	1,800	365
EV/sales	na	1.7	2.9

Source: Company Data

YoAgents

Profile. YoAgents is the web/app platform for “door-to-door lead generation”. The main target are start-ups and SMEs aimed at creating “on demand” and “open” commercial networks for the promotion of digital services on the internet. Ambassadors – agents, sales representatives, young business talents and students – through the YoAgents app may choose services, propose themselves, download sales materials, create agreements with businesses (fitness, horeca, retail, etc ...), view the accrued fees and request them directly. YoAgents partners have a specifically designed dashboard to let them manage the network of ambassadors, to view real-time the results of each campaign and the value generated.

Investment. YA entered in DM's portfolio in 2013. DM invested further EUR 122K in the company in 2018 while in 2019, it sold a 3.1% stake for EUR 50K (in line with book value) to let a new shareholder enter the capital of the company. DM owned 51.3% of YA with a book value of EUR 937K at the end of December 2019.

Other investors. The EUR 415K financing round of 2018 saw the entry of Atandia, the angel investors' network Moffu Labs, Boost Heroes and 3LB Seed Capital.

Financing rounds. The last round took place in January 2019, on the 200 Crowd platform, collecting EUR 170K on a post-money valuation of EUR 2.78m.

Business Model. YoAgents applies the “Uber model” to agent networks; it directly cashes-in from the partner and pays the fees to the agents, which in turn can monetize their customer portfolios. YA gets a set-up fee and offers additional services for network incentive/training.

Results. YA is still in its early stage of its commercial development, according to its website, it currently manages 1,050 conventions for 50 partners, involving 1,860 “ambassadors” (agents). Revenues came in just below EUR 300k in FY 2019 (EUR 100K in 2018).

Valuation. We are generally positive on the perspectives of this platform. Our valuation is in line with the implied value from the above financing round, implying EUR 1.42m from DM

nCore

Profile. nCore is an innovative start-up “HRTech”. Created in 2017, it offers nCoreHR, a video Applicant Tracking System which covers the whole recruiting process, from the publication of an available position to the remote interviewing of the applicant. The software, which is available via browser (Software as a Service), includes Machine-Learning and AI technologies to analyse data and to provide support information to the recruiters.

Investments. During 2019, DM sold a 7.5% stake in nCore to the company's founders at nominal value, ending the year with 15%. The books value is EUR 56K (basically unchanged).

Other investors. nCore's Founders control 75% of the company's capital.

Financing rounds. On November 2018, nCore closed a EUR 400K financing round; the post-money valuation stood at ~EUR 4m.

Business model. Launched in January 2018, nCoreHR is the flagship product of the Company. Its points of strength are the management of remote video interviews, and the provision of analysis based on integrated AI techniques. nCoreHR is suitable for enterprise of every size being offered through a subscription fee correlated to the number of interviews per month, the number of operators and the dimension of data stored on its database.

Results/targets. It aims to become the leader of the Italian HRTech market and to enter other two markets after the launch in France in 2019.

nCore KPIs and results (EUR K)

	CV received	Job Posting	Videos upload	Licenses sold	ARR	Revenues
2018	4.8K	500	3K	30	36K	nm
2019	1,985K	50K	151K	>1,000	310K	300K

Source: Digital Magics, Company Data

Market. According to In-Recruiting and Talent Garden joint research (Jan 2019) the Italian HRTech market is rather fragmented: based on a sample of 103 firms, above 70% are small or micro-businesses (below EUR 5m revenue) and only 9.7% are big (although their share has doubled since the previous survey, in early 2018). The overall turnover generated by Italian operators has reached EUR 1bn in 2018. At global level, HRTech is one of the fastest-growing sectors: during 2018, venture capitalists' investments amounted to USD 4bn, 4 times higher than in 2017. The ecosystem is mainly populated by start-ups, as most of existing vendors were founded over the last two years. A similar trend has materialized in Italy, where 40% of firms were created in 2017/2018.

Competition. We can identify among the main Italian competitors in the nCore's niche operators such as 60Rec, Talent 360, Arkivium, Cving, and In-recruiting.

Valuation. Very young company, with few historical data points to rely on. We take the valuation of the last financing round (EUR 4m for 100%, around EUR 0.6m for DM stake).

Brandon Group (via WithFounders)

Profile. Brandon Group is an innovative B2B company which operates as a distribution broker between Fashion, Sports, Home & Living, Cosmetics, and Food firms on one side, and the main EMEA digital retailers. Brandon provides sales support services based on AI software, which analyses data coming out of sales and online navigation.

Investment. As of December 31, 2019 DM had an indirect stake of 2.06% stake (unchanged) via its 35% in the seed accelerator WithFounders (which owns 5.9%).

Other investors: The company founders own 34.72% of Brandon, while other investors have an overall stake of 63.22%; including Primomiglio, an Asset Management company

specialized in venture capital, and Invitalia Ventures, the AM company of Invitalia (a development agency owned by Italian Ministry of Economy).

Financing round: The Company finalized its latest EUR 3m round in November 2018, with a post-money valuation of EUR 12m.

Business model. Brandon offers sales and after-sales end-to-end services, thanks to a combination of AI software and strategic analysis of data from sales and online navigation. This big data analysis allows Brandon to plan strategies for each product, optimising the customer firms' positioning. The company operates through three main segments: a) Marketplace B2B, which includes wholesale to Amazon Vendor; b) Marketplace B2C, full-price sales to retail (Amazon Seller, eBay, Laredoute, FNAC, etc.); c) Flash sales, which involves sales at discount price for a short period (Vente-privee.com, Dalani, Westwing). B2B channel and B2C accounts for 70% and 30% of revenues, respectively. Distribution agreements are characterized by 4-year partnerships with its 100 served brands.

Results. Revenues more than doubled Y/Y both in 2018 (1m product sold) and 2019 (1.2m product sold). In 2019, EBITDA reached EUR 1m, EBIT was above 0.3m and net profit turned positive for the first time.

Brandon Group results

	H1 2017	FY 2017	H1 2018	FY 2018	FY 2019
Revenues (EUR m)	1.5	4.9	4.6	9.4	21

Source: Digital Magics

The market. According to Ecommerce Europe, the European B2C e-Commerce market was worth EUR 621bn in 2019 (+13.5% Y/Y). Western Europe represents two thirds of overall turnover, with UK the largest market (EUR 178bn, +14.6%), followed by France (EUR 93bn, +12.5% Y/Y) and Germany (EUR 93bn, +9.1%). Southern and Eastern Europe areas are experiencing the highest growth rates. Italy still represents a modest share (less than 4%), but it is among the most dynamic ones (+30% Y/Y).

European B2C eCommerce market (EUR bn)

Annual European B2C Ecommerce Turnover
2013-2019 (f) (Euro, billion)



Source: Ecommerce Europe 2019

This solid trend is likely to continue (expected market growth 7.5% CAGR 2018/22), as user penetration is steadily growing (61.1% in 2022, vs. 58.2% in 2018).

Targets. According to Brandon's business plan, revenue is expected to reach EUR 50m in FY 2021, through organic growth, M&A and thanks to a new financing round.



Eli WMS (Warehouse Management System)/OHC Bene

Profile. ELI WMS is the entirely cloud-based innovative system for the management of business data warehouses, capable of tracking and controlling all goods – from the arrival of the container to the delivery to the customer – using only an internet connection. Developed by OHC Bene, an innovative start-up of Digital Magics, ELI WMS is an independent SaaS solution that simplifies industrial logistics.

ELI WMS integrates with ERP software, which operates internationally, to make the transport of materials and products more efficient, thus optimising costs and time. ELI WMS allows companies to create and manage warehouses anywhere in the world without having to develop any IT infrastructure, by using scanners for reading barcodes and RFID (electronic labels) and by exploiting the full potential of Google Cloud platforms (Google Cloud Platform and Google App Engine), in order to automate and optimise operations.

Investment. DM acquired a 15.49% stake in Eli WMS in 2018, for an investment of EUR 110K. During 2019, DM subscribed to a capital increase, reaching 20% stake with EUR 151K book value at the end of the year.

Other investors: The company founders control the remaining 80% of the capital.

Financing round: there is an ongoing round worth EUR 1m.

Business model. The revenue model is subscription-based (SaaS).

Results. revenues amounted to EUR 140K in FY 2019, from EUR 64K the previous year.

Market. According to the latest available research (Markets and Markets, 2018), the global warehouse management system markets was worth USD 1.85bn in 2017 and was expected to grow at a CAGR of 15.2% from 2018 to 2024, in line with a previous estimate by Allied Market Research (2016).

Valuation. Based on the steep growth curve and expected support from the ongoing financing round, we value DM's stake around EUR 300K.

Wenda

Profile. Wenda was created in 2014 to develop an Information Management Hub designed for the food supply chain, in order to constantly check the food integrity during its whole travel. The company first focused on wines' supply chain and invested in hardware solutions. In 2018, after the participation in Food Track, an acceleration program held by Maersk (the largest supply vessel operator in the world), Wenda switched to a software project, developing a SaaS platform.

Investment. DM supports the project, one of the winners of Magic Wand Retail Revolution, with EUR 90K invested in 2019, representing a 3.43% stake.

Other investors: In September 2019, Rockstart Agrifood, a Netherlands-based accelerator involved in energy, health, agrifood, and new technologies, entered the project, through its newly created AgriFood fund (worth EUR 15m). The company founders control 89.4% of the capital, other investors 7.13%.

Financing round: The last round, completed in 2019, raised EUR 320K for a post-money valuation of EUR 2.82m.

Business Model. the Wenda platform is sold an enterprise software in SaaS mode, with contracts based on periodic payments according to the different modules implemented. A second revenue stream comes from the API integration with the customers' systems. A third revenues streams comes from hardware sales.

Milestones. After the aforementioned change in towards a SaaS business model (2018/19), the company undertook an internationalization path, entering the Spanish market; at the same



time, Wenda began to study the implementation of AI features in IoT devices. The company plans to expand further to France, Central and Northern Europe, the USA and Latin America.

Results: FY 2019 revenues were EUR 140K vs. EUR 40K in 2018.

Market: According to IMARC, the global logistic market is worth USD 4,730bn (2018), and is expected to reach a USD 6,300bn value by 2024, implying a 4.9% CAGR p.a (pre-Covid estimates). Transparency Market Research highlights that IoT penetration in logistics has been relatively slower, compared to other industries, as substantial investments and know how, as well as maintenance costs, are required to implement digital solutions. Nevertheless, logistic companies are aware of the increase in efficiency, speed, and optimization of the services they might achieve; therefore, this submarket is expected to generate interesting opportunities, reaching a USD 64bn value by 2026 (12.4% CAGR). Many organizations, both public and private, are paying a great deal of attention to the issue, we just mention as the EU initiative “Food Integrity Project”, and CIBUS, an IT platform by the Austrian company Delimix GmbH.

Valuation: for the time being we take the reference value of EUR 100K linked to the last equity round. We note that once developed, Wenda’s platform might be integrated in one of the main operators (Americold Logistics, DB Schenker, C.H. Robinson, Schneider National) through M&A, justifying premium valuations of the asset.

FrescoFrigo

Profile. Frescofrigo focuses on an innovative mix of healthy food, food delivery and sustainable logistics. It allows users to get fresh food through a “smart fridge” and optimises ghost kitchens’ and restaurants’ deliveries. The smart fridge developed by the company recognizes the chosen products and charges the user’s account with the price automatically.

Investment. DM acquired a 3.33% stake during 2019, for an investment of EUR 60K.

Other investors: 63.1% of the capital is controlled by the company’s founders, 33.6% by other financial investors.

Financing round: in the last round in 2019, FF collected EUR 2.1m between equity and debt.

Business model. FrescoFrigo is engaged in the so-called “1mq retail”. The company developed a “smart fridge”, i.e. a vending machine filled with fresh foods and beverages, prepared by dedicated kitchens and laboratories within a maximum range of 500m. FF aims to offer fresh food (with a shelf life between 2 to 7 days), with limited logistics involved (refill on a daily basis, but only once – in early-morning), through a tool available 24/7. Each vending machine is rented to a single “tenant” and has a store capacity between 120 and 200 products. The business model is B2B, since FrescoFrigo rents fridges to food merchants, and is not involved in producing or delivering food. The revenue model is twofold, as it includes the rent of fridges plus a fee on the goods sold for food merchant, and a monthly fee for the “welfare service” to employees, charged to the host corporates. According to company data, ~EUR 900 one-off installation cost is charged for each vending machine; the expected revenue ought to be in the region of EUR 10/25K p.a. per fridge. Installation and service are free for the properties’ owners.

Milestones. The installation of smart fridges kicked off in Milan (April 2019), followed by the first installation in New York (Aug 2019). In late 2019, FF signed an agreement with Edenred and Pellegrini to implement meal vouchers as a mean of payment. As of February 2020, FF had 150 installations in the pipeline and an agreement with Carrefour, and targets more than 500 fridges installed by December 2020.

Results. The 150 fridges confirmed as of Feb 2020 are expected to generate EUR 1.5m annualized transactions (EUR 120K in the last month).

Market. Frescofrigo creates a unique niche between healthy food and food delivery (with sustainable logistics). According to Frost&Sullivan (2018), the global food delivery industry stands at EUR 82bn, and is expected to hit EUR 200bn in 2025, with a projected CAGR of



14% over the period. Nearly half of the market size will be represented by Asia (mainly China and India). The vending machine market is estimated at EUR 30bn, with 15% expected 5-year CAGR. The healthy food market is worth EUR 285bn and the 3-year CAGR is estimated at +6%. Competitors include companies such as HellofreshGO, Byte Foods, Farmer's Fridge, Stockwell, and potentially other less specialized players such as Foodora, Deliveroo, Glovo.

Xoko – Hotelbrand

Profile. Xoko is an innovative start-up in the TravelTech sector. Xoko manages the Xoko "Hotelbrand" platform, a suite offering analytic and comparison tools to hotels and B&Bs, to optimize their prices and verify their reputation.

Investment. During 2019, DM almost doubled its stake in the company (from 13.5% to 25.75%). The current book value is EUR 205K vs. EUR 132K at the end of 2018.

Other investors. At the end of 2018, company Founders owned 71.3% of the company.

Financing rounds. Xoko closed its last EUR 200K external financing round in March 2017, with a post-money valuation at EUR 1.3m.

Business model. The Hotelbrand platform works as a SaaS tool; new clients pay an up-front fee, after that a subscription fee on a monthly, semi-annually, or yearly basis. The main asset is its unique comparison tool, which combines rate-checker functions with customer reviews collection, enabling operators to check and compare their offer with those of competitors.

Results and targets. Xoko intends to expand the range of services, for example by offering products which promote the "touristic disintermediation" and which can set-up dedicated marketing strategy. Hotelbrand is also pursuing an internationalization strategy, with focus on countries with emerging tourism industry, such as Eastern Europe and the Balkans. The last published results point to EUR 250K revenues in 2017, doubling Y/Y. 2020 will be clearly impacted by the pandemic.

Valuation. Given the poor visibility and difficult trading conditions we cut our valuation for DM' stake from EUR 300K to EUR 200K in line with the book value.



Valuation

We continue to value DM according to a Sum-of-the-Parts approach; the explicit valuation of the main holdings in the portfolio are stated and explained in the specific paragraphs. We take the participation in WithFounders at book value. For the remaining investments, we simply projected an average 2x exit multiple (gross of 25% write-down), which has been set prudentially below the average recorded by DM (2.6x) and does not seem demanding (some seed / VC funds are used to experience significantly higher returns).

The consulting business is valued EUR 3.0m or 1x the FY 2019 revenue base (in line with our previous assessment).

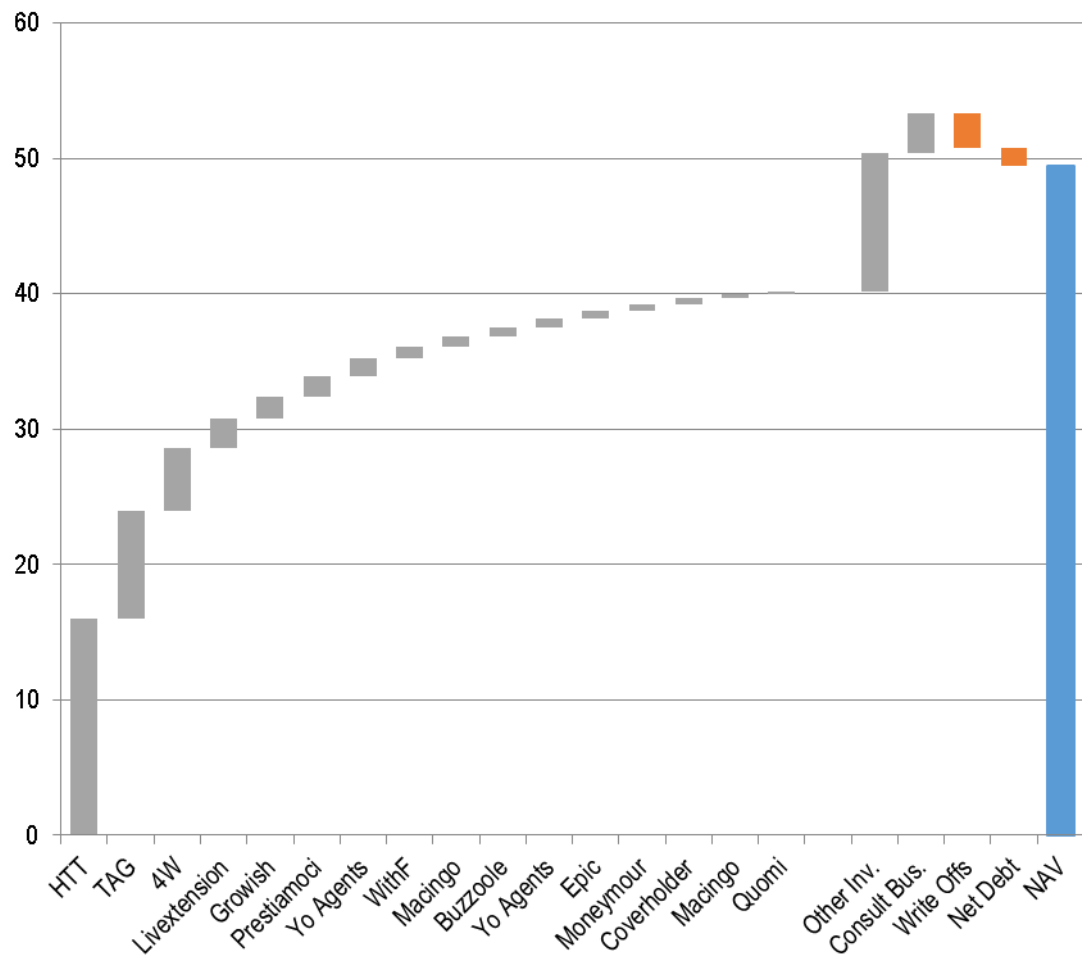
We reiterate, as a risk factor, that the company operates in a sector where defaults or devaluations are possible / probable and that a significant portion of our valuation still depends on HTT's success. However, compared to previous assessment, the contribution to total value is down from EUR 2.7/sh to EUR 1.9/sh, due to the dilution of DM's stake.

Our SotP points to a fully diluted NAV of EUR 6.7/sh, compared to EUR 7.8/sh in our previous assessment. This reduction is mainly due to the dilution of HTT stake (EUR 0.8/sh), and the cut in our valuation of MarTech companies within DM's portfolio.

Digital Magics valuation

SotP Valuation	EUR m	/sh actual	/sh fully diluted
Portfolio Gross Asset Value	50.4	6.8	6.1
Consultancy business	3.0	0.4	0.4
Write Offs	-2.6	-0.3	-0.3
Net Cash (Debt)	-1.4	-0.2	0.6
NAV	49.4	6.7	6.7

Source: Company data

DM: SotP valuation detail by investment

Source: Banca Akros estimates

European Coverage of the Members of ESN

Aerospace & Defense	Mem(*)	Tubacex	GVC	Marr	BAK	Industrial Transportation	Mem(*)
Airbus Se	CIC	Chemicals	Mem(*)	Sonae	CBI	Bollore	CIC
Avio	BAK	Air Liquide	CIC	General Industrials	Mem(*)	Clasquin	IAC
Dassault Aviation	CIC	Arkema	CIC	Adl Bionatur Solutions	GVC	Ctt	CBI
Figeac Aero	CIC	Plásticos Compuestos	GVC	Cembre	BAK	Insurance	Mem(*)
Latecoere	CIC	Electronic & Electrical Eq.	Mem(*)	Sergeferrari Group	CIC	Axa	CIC
Leonardo	BAK	Rexel	CIC	General Retailers	Mem(*)	Catalana Occidente	GVC
Lisi	CIC	Fin. Serv. Holdings	Mem(*)	Emova Group	IAC	Cattolica Assicurazioni	BAK
Safran	CIC	Cir	BAK	Fnac Darty	CIC	Generali	BAK
Thales	CIC	Corp. Financiera Alba	GVC	Inditex	GVC	Mapfre	GVC
Alternative Energy	Mem(*)	Digital Magics	BAK	Maisons Du Monde	CIC	Net Insurance	BAK
Encavis Ag	CIC	Eurazeo	CIC	Ovs	BAK	Unipolsai	BAK
Plc	BAK	Ffp	CIC	Unieuro	BAK	Materials, Construction	Mem(*)
Siemens Gamesa Re	GVC	Rallye	CIC	Healthcare	Mem(*)	Acs	GVC
Voltaia	CIC	Tip Tamburi Investment Partners	BAK	Abionyx Pharma	CIC	Aena	GVC
Automobiles & Parts	Mem(*)	Wendel	CIC	Amplifon	BAK	Astaldi	BAK
Brembo	BAK	Fin. Serv. Industrials	Mem(*)	Atrys Health	GVC	Astm	BAK
Faurecia	CIC	Bolsas Y Mercados Espanoles	GVC	Crossject	CIC	Atlantia	BAK
Ferrari	BAK	Dovalue	BAK	Diasorin	BAK	Buzzi Unicem	BAK
Fiat Chrysler Automobiles	BAK	Nexi	BAK	El.En.	BAK	Capelli	CIC
Gestamp	GVC	Tinexta	BAK	Fermentalg	CIC	Cementir	BAK
Indelb	BAK	Financial Services Banks	Mem(*)	Fine Foods	BAK	Clerhp Estructuras	GVC
Landi Renzo	BAK	Amundi	CIC	Genfit	CIC	Eiffage	CIC
Piaggio	BAK	Anima	BAK	Guerbet	CIC	Ezentis	GVC
Pininfarina	BAK	Azimut	BAK	Korian	CIC	Fcc	GVC
Plastic Omnium	CIC	Banca Farmafactoring	BAK	Oncodesign	CIC	Ferrovial	GVC
Sogefi	BAK	Banca Generali	BAK	Orpea	CIC	Groupe Adp	CIC
Banks	Mem(*)	Banca Ifis	BAK	Recordati	BAK	Groupe Poujoulat	CIC
Banca Mps	BAK	Banca Mediolanum	BAK	Shedir Pharma	BAK	Groupe Sfpj S.A.	CIC
Banco Sabadell	GVC	Banca Sistema	BAK	Theraclion	CIC	Herige	CIC
Banco Santander	GVC	Fincobank	BAK	Household Goods	Mem(*)	Hexaom	CIC
Bankia	GVC	Poste Italiane	BAK	Abeo	CIC	Imerys	CIC
Bankinter	GVC	Food & Beverage	Mem(*)	De Longhi	BAK	Kaufman & Broad	IAC
Bbva	GVC	Advini	CIC	Fila	BAK	Lafargeholcim	CIC
Bcp	CBI	Bonduelle	CIC	Groupe Seb	CIC	Maire Tecnimont	BAK
Bnp Paribas	CIC	Campari	BAK	Industrial Engineering	Mem(*)	Mota Engil	CBI
Bper	BAK	Danone	CIC	Alstom	CIC	Obrascon Huarte Lain	GVC
Caixabank	GVC	Ebro Foods	GVC	Biesse	BAK	Sacyr	GVC
Credem	BAK	Enervit	BAK	Caf	GVC	Saint Gobain	CIC
Credit Agricole Sa	CIC	Fleury Michon	CIC	Carraro	BAK	Salcef	BAK
Creval	BAK	Italian Wine Brands	BAK	Cnh Industrial	BAK	Salini Impregilo	BAK
Intesa Sanpaolo	BAK	Lanson-Bcc	CIC	Danieli	BAK	Sonae Industria	CBI
Mediobanca	BAK	Laurent Perrier	CIC	Datalogic	BAK	Tarkett	CIC
Natixis	CIC	Ldc	CIC	Exel Industries	CIC	Thermador Groupe	CIC
Rothschild & Co	CIC	Orsero	BAK	Fincantieri	BAK	Vicat	CIC
Societe Generale	CIC	Pernod Ricard	CIC	Groupe Gorge	CIC	Vinci	CIC
Ubi Banca	BAK	Remy Cointreau	CIC	Haulotte Group	CIC	Media	Mem(*)
Unicredit	BAK	Tipiak	CIC	Ima	BAK	Arnoldo Mondadori Editore	BAK
Basic Resources	Mem(*)	Vidrala	GVC	Interpump	BAK	Atresmedia	GVC
Acerinox	GVC	Vilmorin	CIC	Manitou	CIC	Cairo Communication	BAK
Altri	CBI	Viscofan	GVC	Prima Industrie	BAK	Cofina	CBI
Arcelormittal	GVC	Vranken Pommery Monopole	CIC	Prysmian	BAK	Digital Bros	BAK
Corticeira Amorim	CBI	Food & Drug Retailers	Mem(*)	Talgo	GVC	Digitouch	BAK
Ence	GVC	Carrefour	CIC	Zardoya Otis	GVC	Gedi Gruppo Editoriale	BAK
Semapa	CBI	Casino Guichard-Perrachon	CIC			GI Events	CIC
The Navigator Company	CBI	Jeronimo Martins	CBI			Il Sole 24 Ore	BAK



Impresa	CBI	Merlin Properties	GVC	Nos	CBI
Ipsos	CIC	Quabit Immobiliaria	GVC	Orange	CIC
Jcdecaux	CIC	Realia	GVC	Telecom Italia	BAK
Lagardere	CIC	Software & Computer Ser.	Mem(*)	Telefonica	GVC
M6-Metropole Television	CIC	Agile Content	GVC	Tiscali	BAK
Mediaset	BAK	Akka Technologies	CIC	Vodafone	BAK
Mediaset Espana	GVC	Alten	CIC	Travel & Leisure	Mem(*)
Nij Group	CIC	Altran	CIC	Accor	CIC
Publicis	CIC	Amadeus	GVC	Autogrill	BAK
Rcs Mediagroup	BAK	Assystem	CIC	Beneteau	CIC
Solocal Group	CIC	Atos	CIC	Codere	GVC
Teleperformance	CIC	Axway Software	CIC	Compagnie Des Alpes	CIC
Tf1	CIC	Cappemini	CIC	Edreams Odigeo	GVC
Ubisoft	CIC	Cast	CIC	Elior	CIC
Vivendi	CIC	Catenon	GVC	Europcar	CIC
Vogo	CIC	Econocom	CIC	Fdj	CIC
Oil & Gas Producers	Mem(*)	Ekinops	CIC	Groupe Partouche	IAC
Ecoslops	CIC	Esi Group	CIC	I Grandi Viaggi	BAK
Enauta	CBI	Exprivia	BAK	Ibersol	CBI
Eni	BAK	Gigas Hosting	GVC	Int. Airlines Group	GVC
Galp Energia	CBI	Gpi	BAK	Melia Hotels International	GVC
Gas Plus	BAK	Groupe Open	CIC	Nh Hotel Group	GVC
Maurel Et Prom	CIC	Indra Sistemas	GVC	Pierre Et Vacances	CIC
Repsol	GVC	Lleida.Net	GVC	Sodexo	CIC
Total	CIC	Neurones	CIC	Sonae Capital	CBI
Oil Services	Mem(*)	Reply	BAK	Trigano	CIC
Bourbon	CIC	Sii	CIC	Utilities	Mem(*)
Cgg	CIC	Sopra Steria Group	CIC	A2A	BAK
Gtt	CIC	Visiativ	CIC	Acciona	GVC
Rubis	CIC	Worldline	CIC	Acea	BAK
Saipem	BAK	Support Services	Mem(*)	Albioma	CIC
Technipfmc Plc	CIC	Bureau Veritas	CIC	Audax	GVC
Tecnicas Reunidas	GVC	Cellnex Telecom	GVC	Derichebourg	CIC
Tenaris	BAK	Edenred	CIC	Edp	CBI
Vallourec	CIC	Enav	BAK	Edp Renováveis	CBI
Personal Goods	Mem(*)	Fiera Milano	BAK	Enagas	GVC
Basinet	BAK	Inwit	BAK	Endesa	GVC
Brunello Cucinelli	BAK	Openjobmetis	BAK	Enel	BAK
Cellularline	BAK	Prosegur	GVC	Erg	BAK
Cie Fin. Richemont	CIC	Prosegur Cash	GVC	Falck Renewables	BAK
Geox	BAK	Rai Way	BAK	Greenalia	GVC
Hermes Intl.	CIC	Technology Hardware & Eq.	Mem(*)	Hera	BAK
Interparfums	CIC	Adeunis	CIC	Holaluz	GVC
Kering	CIC	Evolis	CIC	Iberdrola	GVC
L'Oreal	CIC	Hf Company	CIC	Iren	BAK
Lvmh	CIC	Ingenico	CIC	Italgas	BAK
Moncler	BAK	Memscap	IAC	Naturgy	GVC
Safilo	BAK	Osmosis	CIC	Red Electrica Corporacion	GVC
Salvatore Ferragamo	BAK	Stmicroelectronics	BAK	Ren	CBI
Smcp	CIC	Tier 1 Technology	GVC	Snam	BAK
Swatch Group	CIC	Telecommunications	Mem(*)	Solaria	GVC
Technogym	BAK	Altice Europe	CIC	Terna	BAK
Tod'S	BAK	Bouygues	CIC		
Real Estate	Mem(*)	Euskaltel	GVC		
Igd	BAK	Iliad	CIC		
Lar España	GVC	Masmovil	GVC		

LEGEND: BAK: Banca Akros; CIC: CIC Market Solutions; CBI: Caixa-Banco de Investimento; GVC: GVC Gaesco Valores, SV, SA

as 11th March 2020



List of ESN Analysts (**)

Artur Amaro	CBI	+351 213 89 6822	artur.amaro@caixabi.pt
Helena Barbosa	CBI	+351 21 389 6831	helenabarbosa@caixabi.pt
Agnès Blazy	CIC	+33 1 53 48 80 67	agnes.blazy@cic.fr
Andrea Bonfà	BAK	+39 02 4344 4269	andrea.bonfa@bancaakros.it
Jean-Baptiste Bouchet	CIC	+33 1 53 48 80 69	jeanbaptiste.bouchet@cic.fr
Giada Cabrino, CIIA	BAK	+39 02 4344 4092	giada.cabrino@bancaakros.it
Nuno Castro	CBI	+351 21 389 68 39	nuno.castro@caixabi.pt
Pierre Chédeville	CIC	+33 1 53 48 80 97	pierre.chedeville@cic.fr
Emmanuel Chevalier	CIC	+33 1 53 48 80 72	emmanuel.chevalier@cic.fr
David Da Maia	CIC	+33 1 53 48 89 36	david.damaia@cic.fr
Dominique Descours	CIC	+33 1 53 48 81 12	dominique.descours@cic.fr
Christian Devismes	CIC	+33 1 53 48 80 85	christian.devismes@cic.fr
Andrea Devita, CFA	BAK	+39 02 4344 4031	andrea.devita@bancaakros.it
Enrico Esposti, CIIA	BAK	+39 02 4344 4022	enrico.esposti@bancaakros.it
Rafael Fernández de Heredia	GVC	+34 91 436 78 08	rafael.fernandezdeheredia@gvcaesco.es
Gabriele Gambarova	BAK	+39 02 43 444 289	gabriele.gambarova@bancaakros.it
Pietro Gasparri, CIIA, CEFA	BAK	+39 02 4344 4238	pietro.gasparri@bancaakros.it
Alexandre Gérard	CIC	+33 1 53 48 80 93	alexandre.gerard@cic.fr
Alexandre Gérard	CIC	+33 1 53 48 80 93	alexandre.gerard@cmcic.fr
Ebrahim Homani	CIC	+33 1 53 48 80 94	ebrahim.homani@cic.fr
Carlos Jesus	CBI	+351 21 389 6812	carlos.jesus@caixabi.pt
Jean-Christophe Lefèvre-Mouleng	CIC	+33 1 53 48 80 65	jeanchristophe.lefevre-mouleng@cic.fr
Charles Henry Mata	CIC	+33 1 53 48 80 64	charleshenry.mata@cic.fr
Marisa Mazo, Ph.D, CFA	GVC	+34 91 436 7817	marisa.mazo@gvcaesco.es
Fanny Meindre, PhD	CIC	+33 1 53 48 80 84	fanny.meindre@cic.fr
Emanuele Oggioni	BAK	+39 0243 444 237	emanuele.oggioni@bancaakros.it
Jaime Pallares Garcia	GVC	+34 91 436 7818	jaime.pallares@gvcaesco.es
Víctor Peiro Pérez	GVC	+34 91 436 7812	victor.peiro@gvcaesco.es
Juan Peña	GVC	+34 91 436 78 16	juan.pena@gvcaesco.es
Alexandre Plaud	CIC	+33 1 53 48 80 90	alexandre.plaud@cic.fr
Francis Prêtre	CIC	+33 4 78 92 02 30	francis.prete@cic.fr
Eric Ravary	CIC	+33 1 53 48 80 71	eric.ravary@cic.fr
Iñigo Recio Pascual	GVC	+34 91 436 7814	inigo.recio@gvcaesco.es
Beatriz Rodríguez Fernández	GVC	+34 914 367 871	beatriz.rodriguez@gvcaesco.es
Jean-Luc Romain	CIC	+33 1 53 48 80 66	jeanluc.romain@cic.fr
Paola Saglietti	BAK	+39 02 4344 4287	paola.saglietti@bancaakros.it
Francesco Sala	BAK	+39 02 4344 4240	francesco.sala@bancaakros.it
Luigi Tramontana	BAK	+39 02 4344 4239	luigi.tramontana@bancaakros.it

(**) excluding: strategists, macroeconomists, heads of research not covering specific stocks, credit analysts, technical analysts

Il presente documento è stato redatto da Andrea Devita (Socio AIAF) che svolge funzioni di analista presso Banca Akros SpA ("Banca Akros"), soggetto responsabile della produzione del documento stesso. **Esso è prodotto e distribuito dal giorno 8 June 2020, ore 09:11 italiane.**

L'analista di Banca Akros, che ha redatto il presente documento, ha maturato una significativa esperienza presso Banca Akros e altri intermediari.

Detto analista e i suoi familiari non detengono Strumenti Finanziari emessi dagli Emittenti oggetto di analisi, né svolgono ruoli di amministrazione, direzione o consulenza per gli Emittenti, né l'analista riceve bonus, stipendi o altre forme di retribuzione correlate, direttamente o indirettamente, al successo di operazioni di investment banking.

Banca Akros, nell'ultimo anno, ha pubblicato sulla società oggetto di analisi tre studi in data 13 febbraio, 24 marzo e 22 maggio 2020.

Ai sensi degli artt. 5 e 6 del Regolamento Delegato 2016/958, **Banca Akros ha specifici interessi nei confronti della società oggetto di analisi nel presente documento, in quanto**

La Banca è specialist o liquidity provider

La Banca svolge il ruolo di Nomad.

Banca Akros è una banca autorizzata anche alla prestazione di servizi di investimento appartenente al Gruppo Banco BPM (il "Gruppo"), ed è soggetta all'attività di direzione e coordinamento di Banco BPM (la "Capogruppo"). La banca è iscritta all'albo delle Banche al n. 5328 ed è soggetta alla regolamentazione e alla vigilanza di Banca d'Italia e Consob.

La banca ha prodotto il presente documento solo ed esclusivamente per i propri clienti professionali ai sensi della Direttiva 2014/65/EU, del Regolamento Delegato 2016/958 e dell'Allegato 3 del Regolamento Intermediari Consob (Delibera Consob n. 20307).

Banca Akros rende disponibili informazioni sui conflitti di interesse, ai sensi delle disposizioni contenute nell'art. 20 del Regolamento EU 2014/596 (Regolamento sugli Abusi di Mercato) e in particolare ai sensi degli artt. 5 e 6 del Regolamento Delegato EU 2016/958, sul proprio sito internet:

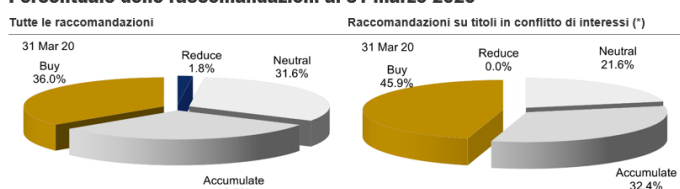
<http://www.bancaakros.it/menu-informativa/analisi-finanziaria-e-market-abuse.aspx>

Le informazioni e le opinioni contenute in questo documento si basano su fonti ritenute attendibili. La provenienza di dette informazioni e il fatto che si tratti di informazioni già rese note al pubblico è stata oggetto di ogni ragionevole verifica da parte di Banca Akros. Banca Akros tuttavia, nonostante le suddette verifiche, non può garantire in alcun modo né potrà in nessun caso essere ritenuta responsabile qualora le informazioni alla stessa fornite, riprodotte nel presente documento, ovvero sulla base delle quali è stato redatto il presente documento, si rivelino non accurate, complete, veritiere ovvero non corrette.

Il documento è fornito a solo scopo informativo; esso non costituisce proposta contrattuale, offerta o sollecitazione all'acquisto e/o alla vendita di strumenti finanziari o, in genere, all'investimento, né costituisce consulenza in materia di investimenti. Banca Akros non fornisce alcuna garanzia di raggiungimento di qualunque

previsione e/o stima contenute nel documento stesso. Inoltre Banca Akros non assume alcuna responsabilità in merito a qualsivoglia conseguenza e/o danno derivante dall'utilizzo del presente documento e/o delle informazioni in esso contenute. Le informazioni o le opinioni ivi contenute possono variare senza alcun conseguente obbligo di comunicazione in capo a Banca Akros, fermi restando eventuali obblighi di legge o regolamentari. E' vietata la riproduzione e/o la ridistribuzione, in tutto o in parte, direttamente o indirettamente, del presente documento, se non espressamente autorizzata da Banca Akros. **In ogni caso è espressamente vietata la trasmissione con qualsiasi mezzo del presente documento o del suo contenuto, anche solo in parte, a soggetti che non siano classificati come clienti professionali o controparti qualificate ai sensi della Direttiva UE 2014/65.**

Percentuale delle raccomandazioni al 31 marzo 2020



(*) Si informa che la percentuale degli emittenti in potenziale conflitto di interessi con Banca Akros è pari al 32.46% del totale degli emittenti oggetto di copertura

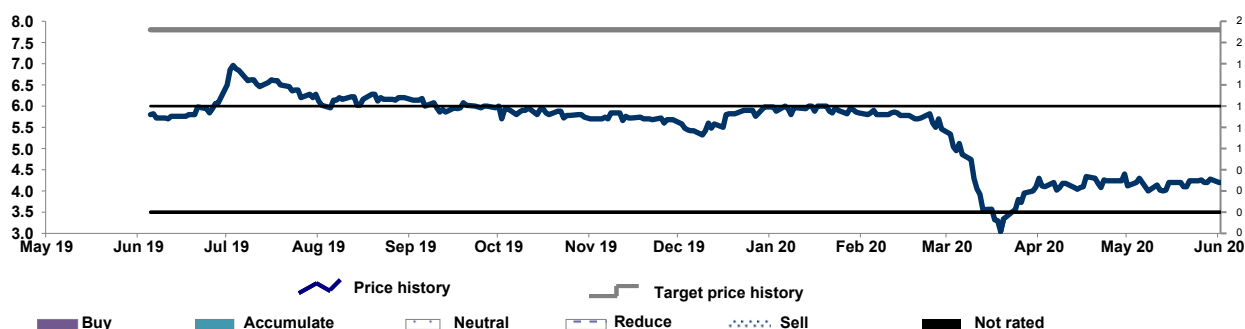
Recommendation history for DIGITAL MAGICS

Date	Recommendation	Target price	Price at change date
31-May-19	Accumulate	7.80	5.70
23-Apr-18	Accumulate	8.30	7.32
26-Sep-17	Accumulate	8.10	6.57

Source: Factset & ESN, price data adjusted for stock splits.

This chart shows Banca Akros continuing coverage of this stock; the current analyst may or may not have covered it over the entire period.

Current analyst: Andrea Devita, CFA (since 01/12/2018)



ESN Recommendation System

The ESN Recommendation System is **Absolute**. It means that each stock is rated on the basis of a **total return**, measured by the upside potential (including dividends and capital reimbursement) over a **12 month time horizon**.



The ESN spectrum of recommendations (or ratings) for each stock comprises 5 categories: **Buy (B)**, **Accumulate (A)**, **Neutral (N)**, **Reduce (R)** and **Sell (S)**.

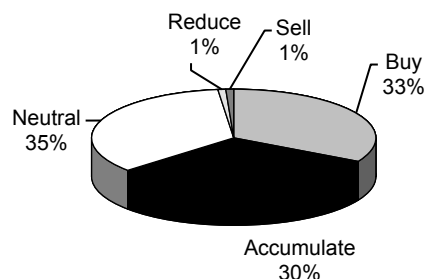
Furthermore, in specific cases and for a limited period of time, the analysts are allowed to rate the stocks as **Rating Suspended (RS)** or **Not Rated (NR)**, as explained below.

Meaning of each recommendation or rating:

- **Buy:** the stock is expected to generate total return of **over 15%** during the next 12 months time horizon
- **Accumulate:** the stock is expected to generate total return of **5% to 15%** during the next 12 months time horizon
- **Neutral:** the stock is expected to generate total return of **-5% to +5%** during the next 12 months time horizon
- **Reduce:** the stock is expected to generate total return of **-5% to -15%** during the next 12 months time horizon
- **Sell:** the stock is expected to generate total return **under -15%** during the next 12 months time horizon
- **Rating Suspended:** the rating is suspended due to a change of analyst covering the stock or a capital operation (take-over bid, SPO, ...) where the issuer of the document (a partner of ESN) or a related party of the issuer is or could be involved
- **Not Rated:** there is no rating for a company being floated (IPO) by the issuer of the document (a partner of ESN) or a related party of the issuer

Certain flexibility on the limits of total return bands is permitted especially during higher phases of volatility on the markets

Banca Akros Ratings Breakdown



For full ESN Recommendation and Target price history (in the last 12 months) please see ESN Website [Link](#)

Date and time of production: 8 June 2020: 9:11 CET

First date and time of dissemination: 8 June 2020: 9:16 CET

Disclaimer:

These reports have been prepared and issued by the Members of European Securities Network LLP ("ESN"). ESN, its Members and their affiliates (and any director, officer or employee thereof), are neither liable for the proper and complete transmission of these reports nor for any delay in their receipt. Any unauthorised use, disclosure, copying, distribution, or taking of any action in reliance on these reports is strictly prohibited. The views and expressions in the reports are expressions of opinion and are given in good faith, but are subject to change without notice. These reports may not be reproduced in whole or in part or passed to third parties without permission. The information herein was obtained from various sources. ESN, its Members and their affiliates (and any director, officer or employee thereof) do not guarantee their accuracy or completeness, and neither ESN, nor its Members, nor its Members' affiliates (nor any director, officer or employee thereof) shall be liable in respect of any errors or omissions or for any losses or consequential losses arising from such errors or omissions. Neither the information contained in these reports nor any opinion expressed constitutes an offer, or an invitation to make an offer, to buy or sell any securities or any options, futures or other derivatives related to such securities ("related investments"). These reports are prepared for the professional clients of the Members of ESN only. They do not have regard to the specific investment objectives, financial situation and the particular needs of any specific person who may receive any of these reports. Investors should seek financial advice regarding the appropriateness of investing in any securities or investment strategies discussed or recommended in these reports and should understand that statements regarding future prospects may not be realised. Investors should note that income from such securities, if any, may fluctuate and that each security's price or value may rise or fall. Accordingly, investors may receive back less than originally invested. Past performance is not necessarily a guide to future performance. Foreign currency rates of exchange may adversely affect the value, price or income of any security or related investment mentioned in these reports. In addition, investors in securities such as ADRs, whose value are influenced by the currency of the underlying security, effectively assume currency risk. ESN, its Members and their affiliates may submit a pre-publication draft (without mentioning neither the recommendation nor the target price/fair value) of its reports for review to the Investor Relations Department of the issuer forming the subject of the report, solely for the purpose of correcting any inadvertent material inaccuracies. Like all members employees, analysts receive compensation that is impacted by overall firm profitability. For further details about the analyst certification, the specific risks of the company and about the valuation methods used to determine the price targets included in this report/note, please refer to the specific disclaimer pages prepared by the ESN Members. In the case of a short note please refer to the latest relevant published research on single stock or contact the analyst named on the front of the report/note for detailed information on the valuation methods, earning estimates and risks. A full description of all the organisational and administrative measures taken by the Members of ESN to manage interest and conflicts of interest are available on the website of the Members or in the local disclaimer of the Members or contacting directly the Members. Research is available through the ESN Members sales representative. ESN and/or ESN Members will provide periodic updates on companies or sectors based on company-specific developments or announcements, market conditions or any other publicly available information. Unless agreed in writing with an ESN Member, this research is intended solely for internal use by the recipient. Neither this document nor any copy of it may be taken or transmitted into Australia, Canada or Japan or distributed, directly or indirectly, in Australia, Canada or Japan or to any resident thereof. This document is for distribution in the U.K. only to persons who have professional experience in matters relating to investments and fall within article 19(5) of the financial services and markets act 2000 (financial promotion) order 2005 (the "order") or (ii) are persons falling within article 49(2)(a) to (d) of the order, namely high net worth companies, unincorporated associations etc (all such persons together being referred to as "relevant persons"). This document must not be acted on or relied upon by persons who are not relevant persons. Any investment or investment activity to which this document relates is available only to relevant persons and will be engaged in only with relevant persons. The distribution of this document in other jurisdictions or to residents of other jurisdictions may also be restricted by law, and persons into whose possession this document comes should inform themselves about, and observe, any such restrictions. By accepting this report, you agree to be bound by the foregoing instructions. You shall indemnify ESN, its Members and their affiliates (and any director, officer or employee thereof) against any damages, claims, losses, and detriments resulting from or in connection with the unauthorized use of this document. For disclosure upon "conflicts of interest" on the companies under coverage by all the ESN Members, on the "interests" and "conflicts" of the analysts and on each "company recommendation history", please visit the ESN website (http://www.esnpartnership.eu/research_and_database_access) or refer to the local disclaimer of the Members, or contact directly the Members:

www.bancaakros.it regulated by the CONSOB - Commissione Nazionale per le Società e la Borsa

www.caixabi.pt regulated by the CMVM - Comissão do Mercado de Valores Mobiliários

www.cic-marketsolutions.eu regulated by the AMF - Autorité des marchés financiers

www.valores.gvcgaesco.es regulated by CNMV - Comisión Nacional del Mercado de Valores

Members of ESN (European Securities Network LLP)