

Digital Magics

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Italy | Financial Services Holdings

Investment Research



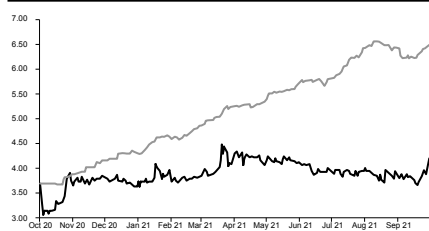
Company Update

Buy	
Recommendation unchanged	
Share price: EUR	4.20
closing price as of 25/10/2021	
Target price: EUR	5.80
from Target Price: EUR	
	6.50
Upside/Downside Potential	38.1%
Reuters/Bloomberg DMG.MI/DM IM	
Market capitalisation (EURm)	44
Current N° of shares (m)	
	10
Free float	37%
Daily avg. no. trad. sh. 12 mth (k)	
	12
Daily avg. trad. vol. 12 mth (k)	
	864.48
Price high/low 12 months	
	4.48 / 3.06
Abs Perfs 1/3/12 mths (%)	
	7.51/4.36/13.20

Estimated NAV breakdown (EURm)		
NAV unlisted companies	52.7	87%
Consultancy business	5.5	9%
Write Offs	-3.0	-5%
Net Financial position	5.0	8%
Total Net Asset Value	60.2	100%
NAVPS (EUR)	5.801	
Share price*: EUR	4.20	
Discount/(Premium) to NAV	0.0%	

Shareholders

StarTIP 23%; Innogest 6%;



Source: FactSet

— DIGITAL MAGICS — FTSE AIM Italia (Rebased)

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Reason: Company newsflow

26 October 2021

Pure play on Italian start-up renaissance

Digital Magics has successfully deployed a EUR 8m capital increase (representing 22% of the capital post deal and SFP conversion) in order to finance an ambitious development plan to FY 2025. With EUR 10.5m investments, DM plans to double the value of the start-up portfolio to EUR 100m. We are positive on the stock and on the perspectives of the global and domestic VC and start-up ecosystem, benefitting from unprecedented public support.

- ✓ **H1 2021 results.** The reported top-line and EBITDA are not crucial in this business. H1 2021 revenues were down by 23%, mainly due to the reduced activities in consulting services, leading to a slightly negative EBITDA. The net loss was higher Y/Y in spite of lower write-downs in absence of significant capital gains. The NFP increased by EUR 1m in the six months and on a Y/Y basis.
- ✓ **The current portfolio includes 79 operating companies** (+6 vs. Dec 2021). DM invested EUR 0.82m including funding in 10 new participations last year, exited from three companies (Leevia, CreditService and DeRev) with around EUR 220K cash-in and broadly neutral capital gain/loss and wrote down two companies for EUR 240K. On this new perimeter, the aggregated portfolio turnover for FY 2020 was EUR 58.5m (+10% Y/Y).
- ✓ **New capital and personnel to double the portfolio value in five years.** On May 19, 2021, DM announced its maiden **industrial plan**, which involves doubling the portfolio value to EUR 100m, through EUR 10.5m investments in 5 years, supported by EUR 8m capital increase. In April DM announced the **acquisition of the open innovation boutique "The Doers"** for EUR 1m in stock and plans to boost the start-up management staff from 8 to 18 people.
- ✓ **Positive perspectives for the start-up ecosystem:** start-up funding completely recovered in the second part of 2020 the -30% of H1 due to the pandemic in March/May. In H1 2021, according to VeM, Italian domestic investments were up by almost 85% to EUR 400m, while internationally-led deals increased from EUR 21m in H1 2020 to EUR 379m. Going forward, we see positive perspectives for the digital ecosystem, taking into account the EU Next Generation funds, the already established public support, and the initiatives adopted by CDP, such as the "AccelerORA" and "Seed per il Sud" and more recently "Fondo Evoluzione" (deep tech) funding programs.
- ✓ **The updated valuation points to EUR 5.8 per share.** The decline vs. our previous TP (EUR 6.5) is mainly due to the significant dilution implied by the capital increase, which was carried out at a 44% discount on our pre-money NAV. Although we believe DM will effectively tap the fresh finance to create value, we have conservatively excluded this potential value creation from our NAV estimate for the time being.

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H1 2021 summary

We reiterate that revenues and EBITDA are not crucial in this business. The company noted that, as at June 30, 2021, the consolidation of The Doers only impacted the balance sheet, whereas the P&L was still on a stand-alone basis, as the newly acquired company has been part of the group starting from June 24, 2021. The net debt position increased by EUR 1m in the six months and on a Y/Y basis as well; the company invested EUR 0.80 in the startup portfolio. As of January 31, 2021, DM successfully finalized the placement of EUR 2m "SFP" (equity-like securities), which provided fresh cash before a future capital increase (which was announced in May, for EUR 8m). We highlight that EUR 1.58m out of 2m had been already cashed in by 31 December 2020 and was included in the year-end NFP.

P&L analysis

Data in EUR m	2017	2018	2019	2020	H1 2020	H1 2021
Sales	2.01	2.56	2.66	2.35	1.34	1.03
Value of production	2.75	3.20	3.24	2.76	1.61	1.25
EBITDA	(0.64)	(0.35)	(0.30)	(0.26)	0.17	(0.23)
EBIT	(2.04)	(1.18)	(0.99)	(0.85)	(0.06)	(0.48)
Write-downs	(4.86)	(1.61)	(1.22)	(2.06)	(0.70)	(0.24)
Cap gain/inc from assoc	0.28	3.23	0.01	0.58	0.303	(0.08)
Taxes	(0.07)	0.01	0.04	0.01	0.00	(0.03)
Net Profit (loss)	(6.83)	0.39	(2.26)	(2.51)	(0.48)	(0.77)

Source: Company data

Balance-sheet analysis

Data in EUR m	2017	2018	2019	2020	June 2020	June 2021
Fixed assets	14.78	15.31	17.27	17.22	17.15	18.80
NWC	1.80	1.52	1.42	1.03	1.61	1.21
Total funds	(0.06)	(0.08)	(0.10)	(0.11)	(0.11)	(0.17)
Net Capital invested	16.51	16.76	18.59	18.15	18.65	19.78
Shareholders' Equity	18.94	19.78	17.15	16.19	16.64	16.81
Net Debt (cash)	(2.43)	(3.02)	1.44	1.96	2.02	2.97
Total Assets	18.19	18.07	19.88	19.55	16.64	24.17

Source: Company data

In H1 2021, DM invested EUR 0.82m in the company's portfolio. The current portfolio includes 79 operating companies (73 as at December 31, 2021). DM invested in 10 new companies (of which 7 winners of the "Magic Wand Sustainability"), 3 follow-ons. Two exits and two write-offs were booked in the period. Among the new companies, DM highlights the ad-hoc vehicle created to support the new Fin+Tech 2021-24 acceleration programme, which will fund 16 companies annually (equally split between Fintech and Insurtech) with EUR 300K per year. The programme is supported by CDP's Rete Nazionale Acceleratori and has been promoted by CDP Venture Capital SGR, Digital Magics, Startupbootcamp, Fintech District and SIA. DM also reported that the valuation of the company's portfolio had been validated by Deloitte Financial Advisory. The current value is EUR 53m, compared with the management's estimate of EUR 50m at the end of 2020 and EUR ~14m book value. As a reminder, the business plan published on May 19, 2021, entails the portfolio value will reach EUR 100m in 2015 and envisages EUR 10.5m in investments for DM.

DM disclosed the terms of the EUR 8m capital increase to support the 2021/25 business plan, which involved the issuance of ~2.18m new shares at EUR 3.65 per share. DM has also issued ~238K shares (EUR 1m) for The Doers' shareholders to complete the all-share acquisition, and up to 800K shares (EUR 4m) for the new management incentive plan 2018-24.



Recent Business and financial developments

New funding

On October 15, 2020 the EGM of DM approved the issue of EUR 2m in “participating financial instruments” (PFI).

Digital Magics aimed to obtain EUR 2m in fresh financing with the issue of 4,000 PFI worth EUR500 each. The instruments were to be issued in option to existing shareholders. The PFI would be automatically converted into new DM shares in occasion of the first capital increase (or other action on the capital) that the company plans to implement by the year 2023. The conversion price will be the minimum between a) the capital increase price and b) the weighted average price of the 6 months before the board will decide the cap increase price, increased by 10%. The PFI will grant an annual remuneration of 4% as long as a) the company has generated positive income in the year, b) the net financial position has improved in the year. In case no capital increase should take place by the approval of FY 2023 financial account, the subscribers will have the option to redeem their PFIs, provided that the same above conditions are satisfied.

DM would also grant for each subscribed PFI, 50 warrants that could be converted, by the year 2025, in 1 DM ordinary share each at a strike price of EUR 4.5, with a cap on total proceeds of EUR 900K.

This capital transactions amounts to a partial anticipated cash in worth EUR 2m, of a future capital increase to take place in the next three years. Other EUR 0.9m could be obtained from the exercise of the warrant.

On February 1, 2021, DM announced that the offer of PFI was fully subscribed for a total of EUR 2m.

DM disclosed that at the end of the option period and the of extended period to exercise the un-opted rights the subscribed PFI were 1,397 (out of 4,000 total) worth EUR 698.5K out of EUR 2m total offered. Accordingly, the board started a placement of the remaining PFI to third parties, with a deadline set for January 31. At that date, the offer was successfully completed with the placement of further 2,603 PFI worth EUR 1,301.5K, to eight investors including institutional investors, corporates and individual investors. Therefore, the offer has been totally subscribed for EUR 2m and 200K free warrants have been issued.

Acquisition of “The Doers”

On April 26, 2021 DM announced the **acquisition of “The Doers”** for EUR 1m in stock.

“The Doers” is an Italian player in the “Open Innovation” ecosystem which is based in Turin and employs a dozen people according to our estimates. DM said in a note that the Doers generated in the last 12 months EUR 661K revenues, EUR 21.5K EBITDA and positive net result (EUR 8.6K). The deal value is up to EUR 1m, to be paid in newly issued DM shares. On May 19, DM announced the final terms of the deal which was closed on June 24, with the approved issue of 238,091 new shares at EUR 4.2 each, subject to 36 months lock-up period.

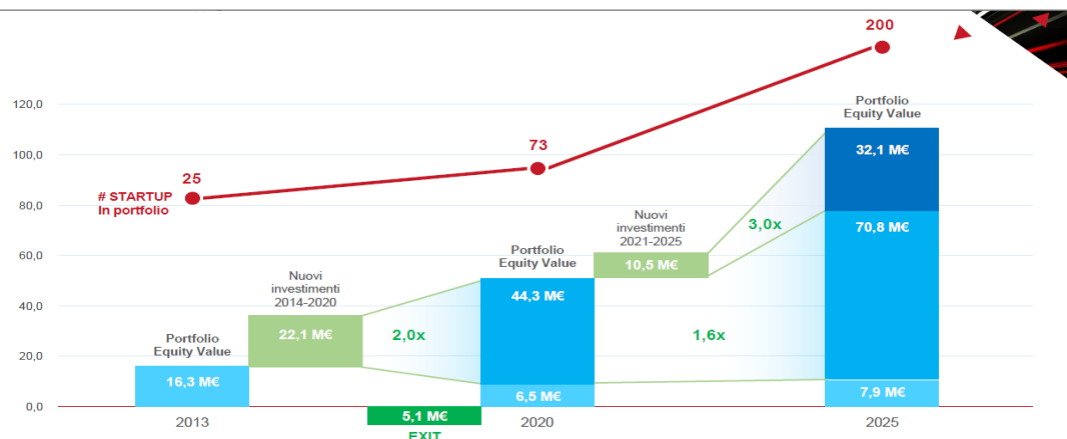
The three partners of The Doers will stay in Digital Magics helping to develop the Open Innovation business line, which in FY 2020 generated EUR 730K in 10 projects. This deal will help DM to strengthen an important revenue line, and better allocate management’s time between the relationships with the portfolio’s start-ups and corporate clients/partners. The new management will take over the Open Innovation leadership from DM’s partner Layla Pavone, who resigned as she entered the political arena in Milan.

The size of the deal accounts for around 3.3% of DM’s market cap and does not impact the net financial position. The value implies 1.5x EV/sales, compared to the 1x ratio we conservatively apply in our sum of the part valuation for DM.

New business plan

On May 19, 2021 DM announced its **industrial plan** which involves doubling the portfolio value to EUR 100m, through EUR 10.5m investments in 5 years, supported by EUR 8m capital increase. The ambition is to double the value of the start-up portfolio, which is currently estimated by the management in the region of EUR 50m (equity), in line with our valuation, by the end of 2025. The company intends to start 20 new acceleration plans and increase the number of start-ups in the portfolio from the current 73 to 200, net of planned exits and potential write-offs. The planned investments are EUR 10.5m in 5 years, which is in line with the current annual rate. DM intends to boost the team dedicated to the start-up selection and management from 8 to 18 professionals.

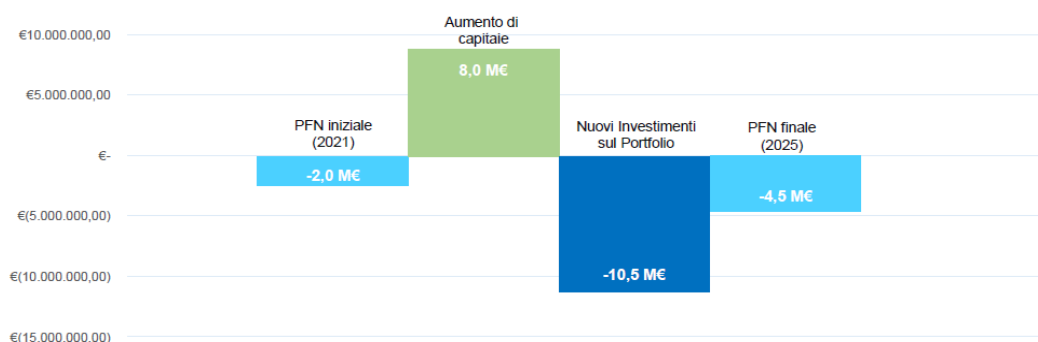
DM 2021-25 business plan: portfolio targets



Source: Digital Magics Business plan presentation

DM will finance the new expansion plan with bank debt and new equity. The company will launch a EUR 8m capital increase in option to current shareholders. We note that DM already completed last February the issue of hybrid securities ("Strumenti Finanziari Partecipativi") for EUR 2m in anticipation of new share issue. The net financial debt is expected to increase from the current EUR 2.5m to EUR 4.5m at the end of the period.

DM 2021-25 business plan: funds



Source: Digital Magics Business plan presentation

We rate the decision to accelerate the development of the company well timed as the exit from the pandemic is based on a "digital renaissance" and boosted by the support of public funds, and public organizations such as CDP's VC funds. The targets look ambitious but in line with the start-up value creation trajectories, we can imagine a high single-digit annual growth for the existing portfolio along with doubling the value in the years of the EUR 10.5m incremental investments.



Successful capital increase at EUR 3.65 per share

Digital Magics announced the intention to launch a EUR 8m capital increase on May 19, along with the disclosure of its (first) business plan.

The capital increase started on September 27 and closed on October 15. The new shares were offered at EUR 3.65 in option to existing shareholders in a ratio of 2 new ordinary shares for each 7 shares owned. The transaction involves the issue of max 2,181,438 new shares without nominal value. DM successfully completed the capital increase at the maximum amount of EUR 7,962.2K.

According to the conditions of the capital increase, DM also disclosed the terms of the conversion of the Participating Financial Instruments ("SFP") issued in December last year, namely: the SFP DM 2020 (ISIN Code IT0005425316) will be automatically converted into 533K new DM shares against the conclusion of the above-mentioned capital increase. The number of new shares is the result of the ratio between the nominal value of EUR 500 for each SFP and the unitary price (EUR 3.65) of the new capital increase, resulting in 136 new shares for each SFP DM 2020.

We note that this value meets the condition of the minimum between the capital increase price and the weighted average price of the 6 months before the board approved the cap increase price (Sept 21), increased by 10%. We argue the SFP will not pay any remuneration as the conditions on positive net income and lower net debt have not materialized.

Focus on Fintech

DM is a partner of Fin+Tech, the fintech-insurtech accelerator part of the national accelerator network sponsored by CDP, created as a joint initiative between CDP Venture Capital SGR and Digital Magics, Startupbootcamp, Fintech District and SIA. The project was launched last July and will be developed in three years, with the selection every year, of 8 FinTech and 8 insurtech start-ups, which will benefit from a package of services and investments worth EUR 300K and the constant support from the teams of acceleration programs' promoters. At the end of June 2021, Fin+Tech is still 100% owned by DM, as the other promoters are going to enter the capital soon. DM said in its management commentary to H1 2021 accounts that the promoters are going to create a dedicated vehicle to attend the financing rounds of the most promising companies.

We note that DM's portfolio includes (as of December 31, 2020) almost one third of companies operating in the fintech/insurtech sector.

Fintech is currently a hot investment topic in venture capital at European/global level (see below) generating in a very short timeframe a string of "decacorns" such as Klarna (USD 46bn post-money), Stripe (USD 95bn) and Revolut (USD 33bn).

VC market hitting new highs in 2021

The latest VenturePulse report by KPMG, updated to Q2 2021 performance, confirms once again the strong conditions of venture capital. On a global level, VC investment hit new record high at USD 157.1bn, with 7,687 deals, reflecting on the one hand “a growing sense of optimism as COVID-19 vaccine distribution accelerates globally”, on the other hand the idea that the changes in customer behavior and the pandemic-related boost to some sectors (such as fintech, delivery, and B2B services) are due to persist.

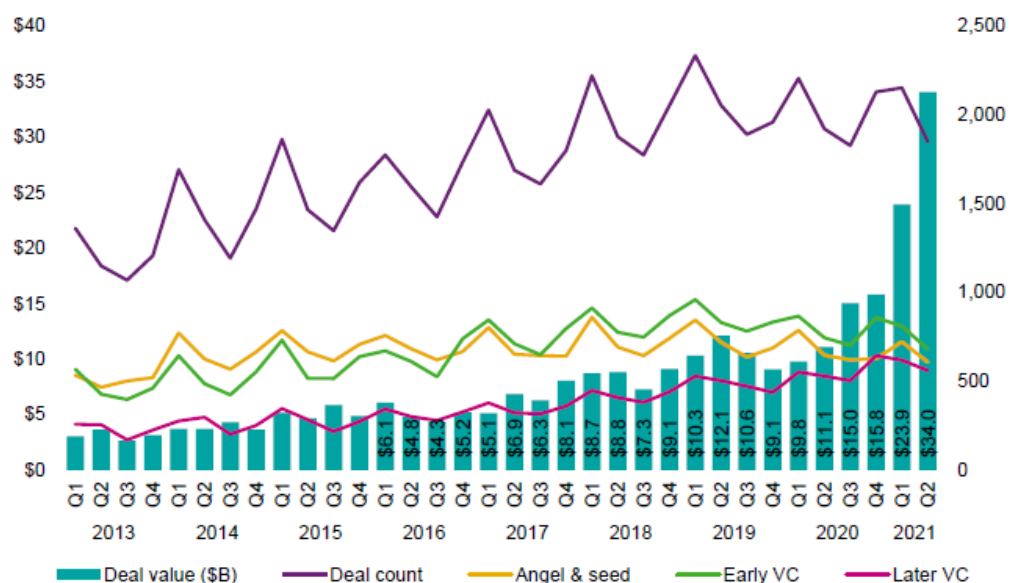
The report notes that all the regions attracted mega funding rounds, such as Waymo (USD 2.5bn, Space X (USD 1.2bn, Epic Games (USD 1bn) in the US, BYJU (USD 1.5bn) in India, Horizon Robotics (USD 1.5bn) in China, Celonis (USD 1bn) in Germany, MessengerBird (USD 1bn) in the Netherlands. Furthermore, the number of new unicorns surpassed the annual high ever of 2018 (179) already at the end of June.

European market hit funding record highs in Q2 2021

According to the report, European funding amounted to USD 34bn in Q2 2021, out of 1,848 deals in its fourth consecutive quarter of record VC investments.

VenturePulse notes “the growing mix of fintech companies attracting investment, from stock trading platform Trade Republic (USD900m) and digital insurance company WeFox (USD650m) to payments firm Mollie (USD805m), ‘buy now, pay later’ company Klarna (USD639m), and Starling Bank (USD443m). A notable trend was the increase in corporate VC investments, which reached a peak of USD 16.5bn in Q2, from the previous record (Q1 2021) of USD 10.7bn. The level of VC fundraising also remains healthy with USD 11.6bn in the six months, from USD 19.7bn in 2020 and USD 21.2bn in 2019

Venture financing in Europe 2013/Q2 2021



Source: Venture Pulse, Q2'21, Global Analysis of Venture Funding, KPMG Enterprise. *As of June 30, 2021. Data provided by PitchBook, July 21, 2021.

Source: Venture Pulse (KPMG)

At the same time, the average deal size continued to increase, not only in the early stages (see below), but also in Series A (from USD 6.1m in 2019 to USD 6.4m), Series B (from USD 19.5m to USD 20m), Series C (from USD 30m to USD 41.8m) and Series D (from USD 53.5m to USD 68m).

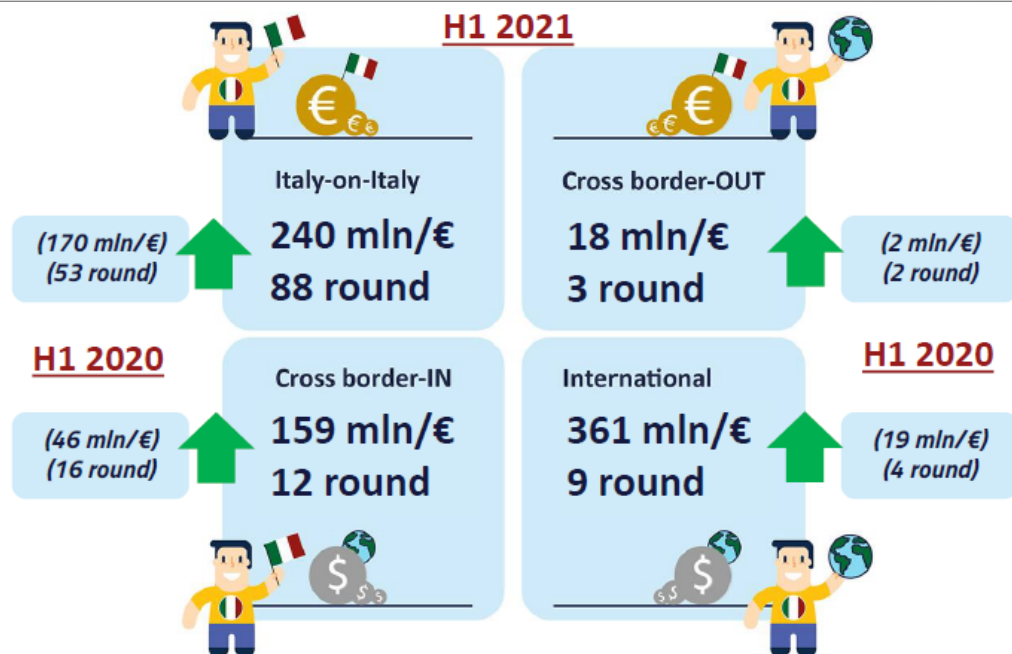
Italian VC market continued strong in H1 2021

The Italian Venture Capital market, after impressive growth experienced in 2017 and 2018, continued to be very dynamic in 2019, with around 15% increase in total investments according to different sources. In the first half of 2020 the performance was obviously affected by the pandemic, which forced the cancellation, freeze and/or postponement of several ongoing deals and in some cases affected underlying valuations. As a result, VC funding in H1 2020 were down by around 30% Y/Y.

According to the reports by Venture Capital Monitor (supported by the findings of Politecnico of Milan), this decline was totally recovered in the second half of the year, as the total investments closed broadly stable Y/Y (-0.6%) at EUR 646m in 2020. VeM also found out that the total number of deals actually increased Y/Y from 236 to 330, implying a reduction of the average deal size. The impact of the pandemic was probably to postpone the largest transactions. On the total EUR 650m funding pool, EUR 270m came from VC investors, down from EUR 366m in 2019, while the portion funded jointly by VC and “Business Angels” rose from EUR 230m to EUR 325m. A major driver was the contribution of CDP Venture Capital, through its Fondo Italia Venture II -Fondo Imprese Sud and Fondo Acceleratori. The total financial capacity of CDP is EUR 1bn.

In H1 2021, VeM noted a further acceleration Y/Y, with all the components of VC investing significantly up in value, and generally in terms of round numbers. In particular, the “domestic” (Italy on Italy and cross border inbound) segment was up from EUR 216m to EUR 399m, while the “international” portion from EUR 21m to EUR 379m (EUR 52m and EUR 255m in the whole 2020 and 2019 respectively).

Italian Venture Capital H1 2021



Source: VeM

Also in Italy, the role of corporate VC has become increasingly important, with the participation to 44% of rounds, from 13/28% range in the previous four years.

Portfolio Analysis

As per June 30, 2021, DM had in its portfolio of investments (on a direct basis or through Withfounders, of which DM has a 35% stake) a total of 79 operating companies, (37 innovative start-ups and 19 innovative SMEs), including two in which DM has invested in convertible instruments, +6 vs. the end of 2020. In the six months, the net investment in new companies and existing holdings was EUR 0.82m, compared to EUR 1.03m in H1 2020 and an annual average of above EUR 2.5m for the past few years.

Portfolio companies: KPIs

	2015	2016	2017	2018	2019	2020	June 2021
# start-ups (BoP)		49	60	58	62	69	73
New start-ups		15	19	14	17	15	10
Exits		0	2	1	7	5	2
Write-offs		4	4	9	3	6	2
# start-ups (EoP)	49	60	73	62	69	73	79
Investments in new start-ups		1.208	1.667	1.981	1.148	1.431	0.651
Investments (follow-on)		1.953	1.117	0.342	1.454	1.209	0.168
Total investments by DM	2.6	3.1	2.8	2.3	2.6	2.64	0.819
Investments from third parties	7.2	10.3	na	9.1	34.0	24.7	4.4
Total investments	9.8	13.4	na	11.4	36.6	27.3	5.2
Book value	14.362	13.979	11.902	11.888	13.693	13.857	14.246
Aggregated revs (EURm)	32.5	na	33.3	56.2	78.4	62.0	na
Gross capital gain	0.059	0.115	0.279	3.223	0.012	0.579	-0.08
Gross capital loss (write down)	-0.965	-2.952	-4.864	-1.560	-1.188	-1.937	-0.239

Source: Company data

New Internal Portfolio Valuation points to EUR 53m level

Digital Magics disclosed for the first time an internal estimate of its portfolio value, on May 19, 2021, along with the disclosure of the business plan and related capital increase. This management estimate was around EUR 50m, with a target to reach EUR 100m in five years (see above). With the publication of H1 2021 results on September 26, the company announced that it hired Deloitte Financial Advisory to help verify the adopted methodology and to implement such criteria to the whole portfolio. The outcome of this process basically confirms the original estimate of EUR 50m as of December 31, 2021 and provides a fair value of around EUR 53m at the end of H1 2021, against investments of EUR 0.82m, EUR 0.24m write-off and neutral impact from exits. This value does not include "the Doers" which is an operating company and compares with a book value of EUR 14.2m.

As described in the H1 2021 financial statement, the portfolio value is calculated as the aggregated value of the portfolio companies according to the following criteria:

- ✓ Transaction values for the companies experiencing significant market transactions in the previous 18 months.
- ✓ Expected value based on survival rates of comparable companies, involving economic and financial (DCF) method, stand-alone and in combination, and peers' comparison.
- ✓ Book value for companies lacking significant financial datapoints.

Investments

In H1 2021, DM invested a total of EUR 0.82m in **10 new companies** (see table below), including 7 coming from the last Sustainability Magic Wand program, of which EUR 100K in convertible instruments. DM invested 105K in four of the companies, 80K and 70K in other two respectively. The implied valuations of these businesses ranged from EUR 800/900K (SMACE, Trainect), to EUR 1.85m (Rocky Robots), with a median value of EUR 1.17m.

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 third edition of MW was launched in November 2019 and was 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 had selected 11 start-ups including 1 from Russia, 1 from Singapore and 3 from other European countries. The 6 finalists have already completed financing rounds for a total of EUR 2.8m of which EUR 0.7m from Digital Magics.

In November 2020, DM and Innova Venture (Lazio Region's venture capital fund) launched the “**Magic Wand Sustainability**” an acceleration program for digital fast-growing sustainability start-ups, for innovative start-ups headquartered, operating or willing to operate within the Lazio Region borders and focussed on Agritech, Medtech, Edtech, Smart City, Mobility, Energy, Space-Tech e Supply Chain. The plan was to award EUR 175K to at least 6 companies entering the validation phase (there were actually 7 awards). This programme follows the two-year agreement signed with Innova Venture in May 2020, which provides for the investment of up to EUR 6m (o/w 60% by DM and 40% by Innova Venture) in innovative start-ups. As said above **DM is once again working on Fintech/Insurtech acceleration program**, this time according to a multi-year plan and involving several partners and dedicated vehicles.

Digital Magics' new investments 2021

Holdings	Sector	Description	DM's stake	Investment
Diagnostica Medica Veloce	Digital Healthcare	Digital medical prescriptions	9.00%	105K
Meedox	Digital Healthcare	Digital medical record in cloud	4.80%	70K
Nodriver (Irreo)	Agritech	Monitoring hydric conditions in agriculture	10.5%	105K
NovisGames	Gaming	Gaming experience for visually impaired people	2.43%	35K
Open Search Tech	HR Platform	Hackathon and data challenge platform	11.29%	105K
Rocky Robots	Education	Virtual teacher for soft skills	1.89%	35K
Trainect	Wellbeing	Classes for physical and mental training	11.6%	105K
SMACE (MIA finalist)	HR platform	Platform to facilitate access to smart working facilities	10.0%	80K
NR SOOS Technologies Ltd (FoodTech Wand finalist)	Foodtech	Egg sex determination	0.43%	6.66

Source: Company data

Other incremental investments in existing holdings, include Quomi (food delivery, EUR 46K), BridgeInsurance (insurtech, EUR 16.5K), Foodquote (foodtech, EUR 5.9K).



DM Portfolio DYNAMICS in H1 2021: main movements (EUR K)

Holdings	BV Dec 2020	Stake Dec 2020	Investment (Divest)	Write- down	BV Jun 2021	Stake Jun 2021	Note
Fintech&Insurtech Acceler.	-	-	4.1	-	4.1	100.00%	
Total subsidiaries	2,735		4.1	-	2,739		5 companies (The Doers is consolidated)
Total associates	3,897		-	-	3,897		9 companies
Bridge Insurance	77.4	4.76%	16.5	-	93.9	4.76%	
DeRev	126.6	7.09%	(126.6)	-	-	-	Sold with EUR 101.6K capital loss
Diagnostica Medica Veloce	-	-	105.0	-	105.0	9.00%	
Foodquote	290.0	13.18%	5.9	-	295.9	13.18%	
Impossible Minds	90.0	10.00%		(90.0)	-	-	Write-off
Leevia	6.7	6.51%	(6.7)	-	-	-	Sold with EUR 90.9K capital gain
Meedox	-	-	70.0	-	70.0	4.80%	
MyCreditService	97.6	5.54%	(97.6)	-	-	-	Sold with EUR 2.4K capital gain
Nodriver (IRREO)	-	-	105.0	-	105.0	10.50%	
Novis Games	-	-	35.0	-	35.0	2.43%	
NR Soos Technologie	-	-	6.7	-	6.7	0.43%	
Open Search Tech	-	-	105.0	-	105.0	11.29%	
Quomi	153.9	11.47%	45.9	-	199.8	11.18%	
Rocky Robots	-	-	35.0	-	35.0	1.89%	
Smace	-	-	80.0	-	80.0	10.00%	
The INGProject (200Crowd)	56.2	3.65%	140.0		196.2	11.51%	conversion of equity-like bond
Trainect	-	-	105.0	-	105.0	11.60%	
Young	149.0	17.85%	-	(149.0)	-	-	Write-off
New investments			624.0	(239.0)	1,339		12 companies see above
Total other companies	7,225		-	-	6,271		53 companies
Grand Total	13,857		628.1	(239.0)	14,246		EUR 855K gross investment EUR 231K divestments

Source: Company data

Exits

In FY 2020, DM completed 7 total or partial exits for a total cash-in of EUR 740K, with a reported EUR 380K contribution to the P&L. The main deal was the sale of the entire 13.8% stake in **Moneymour** to the European fintech group Klarna announced on February 12, 2020. Moneymour, 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 and EUR 303K capital gain implying 3x the investment and obtaining an IRR of c 100%. In the second half of the year, DM got a EUR 275K special dividend related to the exit from Brandon Group, which was indirectly part of its portfolio through the associate WithFounders. During the year DM also sold at book values its stakes in EDO, Tripoow, Private Brokers and Powerme, and its stakes in AR Studio, Sottile Srl (Diet to Go) at token values for a total capital loss of EUR 0.11m.

In H1 2021, the main exit involved **Leevia**, a Digital MarCom start-up specialized in social media marketing and web contests. The Italian company Advice group, operating in the loyalty marketing segment, announced the acquisition of the majority of Leevia from the company's founders, DM and other investors, at the end of May. DM sold its entire 6.51% stake worth EUR 6.7K at book value at the end of last year and realized a EUR 91K capital gain. On June 21, DM announced the exit from **Credit Service Srl**, a fintech company based in Venice, which entered in DM's portfolio in 2018 amid the selected companies of the first "magic wand" program. Credit Service is specialized in invoice management and supply chain finance, leveraging on machine learning tools for credit analysis. The exit is part of a broader deal in which Banca Valsabbina Scpa and SIAV Spa acquired 25% of the company controlling the MyCreditService platform. Digital Magics sold its 5.68% stake for EUR 100K and realized a EUR 2.4K capital gain. Finally, DM sold its direct 17.47% stake of **DeRev** (of which it remains indirectly a shareholder via 4.17% owned by Withfounders), a crowdfunding platform which entered DM's portfolio back in 2014. DM had written down the value of DeRev from EUR 302K to EUR 127K in FY 2020, and the sale generated a further capital loss of EUR 102K. On balance, the three deals produced a modest net negative capital loss of EUR -8K.

The **write-downs** totalled EUR 239K involving Young Srl (17.9% stake, EUR 139K) and Impossible Minds (10% stake, EUR 90K).

Main funding rounds

In FY 2020 DM invested in 15 new startups and in 14 follow-ons a total of EUR 1.4m and 1.2m respectively. The company said that thanks to third party investors, its Portfolio Companies collected in total EUR 27.45m. The main deals were Talent Garden (EUR 9.2m) and Buzzoole (EUR 5m). The main boost to the Start-up funding came from **CDP Venture Capital SGR**-Fondo Nazionale Innovazione which participated to financing rounds in 15 portfolio companies for a total of EUR 14.1m through Fondo Acceleratori and Fondo Italia Venture II. The start-ups involved in the co-investment agreement are AWorld, Axieme, Bikeroom, Buzzoole, Crea Assicurazioni, Cripitalia, ELI WMS, GrowishPay, Plurima, FrescoFrigo, Surgiq, Volumeet, Wenda and XoKo

Since the start of the year, and until mid-September, we calculate that DM promoted a total of EUR 6.7m in new funding for its start-up portfolio (DM has invested EUR 0.82m in H1). Based on company disclosure (Portfolio Highlights, Sept 2021) and public information, the main rounds are.

Quomi (foodkit delivery). In the March 2021 Investment highlights DM mentioned an ongoing financing round worth EUR 1m and implying pre-post money of EUR 4/5m respectively. We understand the round was actually worth just above EUR 0.5m in any case based on the expected pre-money valuation. DM invested EUR 46K in this round and its stake was slightly diluted (by 0.3pp). **HiNelson** (nautical equipment) closed in March 2021 a EUR 925K round providing a post-money value of EUR 3.83m, as already disclosed in the March 2021 portfolio highlights. **Prestiamoci** (P2P lending platform) completed in July a EUR 2.4m funding round, with a post-money valuation of EUR 12.4m. On September 23, Banca Valsabbina, already a financial partner of the fintech company, stated in a press release that it acquired 9.9% of Prestiamoci. Therefore, there are now three banking institutions owning 23.1% of the capital,

while the founders were diluted from 14% to 12.6%, DM from 12.34% to 11.03%. We understand the deal was completed at a 33% discount to the original value agreed a few months earlier. **Criptalia** (P2P crowdlending) completed in September a EUR 240K round for a with a pre/post-money valuation of EUR 6.0/6.24m. The company's founders were diluted from 75.6% to 74.1%, while DM's stake was slightly diluted (from 10.21% to 10.01%). We note the previous round (October 2020) provided a post-money value of EUR 3.5m.

The ongoing funding round include: **Aworld** (software technologies for tracking, loyalty, reward and behavioural change in sustainability area) has currently open a EUR 2.4m funding round, which would provide a pre/post-money valuation of the company of EUR 10.0/12.4m. We note that the pre-money value of EUR 10m compares with EUR 3.29m post-money of the round (which included a convertible instrument subscribed by CDP) closed in September 2020. **Macingo** (Transportation online marketplace) EUR 3m round, for a pre/post-money valuation of EUR 9.0/12m. The previous financing round, completed in 2019, provided a post-money valuation of EUR 4.3m. **ViteSicure** (the only Italian Insurtech company specialized in the Life segment): EUR 0.5m round for EUR 4.0/4.5m pre/post-money valuation. We note that DM's first investment (4.8% stake for EUR 77.4K in early-2020) implied a value of EUR 1.63m for 100% of the company. The subsequent round (EUR 157K) late last year provided a post-money valuation of EUR 1.92m. **Wenda** (IoT platform for food supply chain management) has started a new EUR 1.5m funding round with the pre-money valuation of EUR 4m, up from EUR 3.3m after a January 2021 round. **Cardo** (fintech: P2P advisor) closed in May a EUR 1.3m capital increase reserved to Banca Valsabbina, which took over 9.8% of the capital at pre-money valuation of EUR 12m.

EPIC SIM (fintech: Peer to peer lending-professional investors for SMEs) announced last February the sale of most of its activities to Azimut. The transaction involves the creation of a NewCo in which Azimut holds 51.1%, EPIC 49.9%.

Digital Magics start-ups: main funding rounds 2021

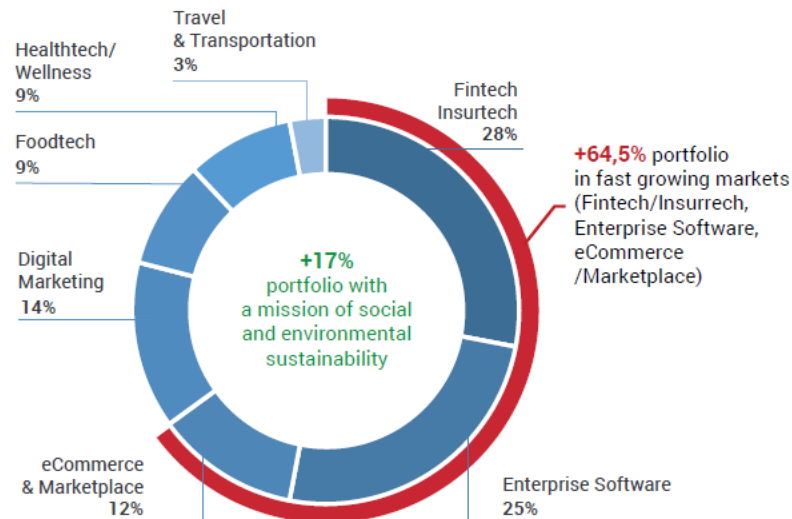
	Date	Funding round (EUR m)	o/w DM	Impl. valuation Pre/post money	DM stake pre/post financing
Prestiamoci	July/2021	2.4	0	10.0/12.4	12.34%/11.03%
Quomi	May/2021	0.51	0.049	4.00/4.51	11.47%/11.18%
Cardo	May/2021	1.30	0	12.0/13.30	10.71%/8.89%
HiNelson	Mar/2021	0.925	0	2.90/3.825	7.15%/5.80%
EPIC	Feb/2021	nm	nm	na/na	2.93%/2.88%
Criptalia	Sept/2021	0.24	na	6.00/6.24	10.21%/10.01%
aWorld	ongoing	2.0	na	10.0/12.0	6.42%/5.49%
ViteSicure (Bridge Insurance)	ongoing	0.50	na	4.0/4.5	3.93%/4.76%
Macingo	ongoing	3.0	na	9.0/12.0	7.95%/na
Wenda	ongoing	1.5	na	4.0/5.5	3.28%/na
Eli WMS (OHC Bene)	July/2021	0.31	na	4.0/4.31	26.67%/26.67%
Alive	June 2021	0.25	0	3.0/3.25	2.00%/1.85%
Viceversa	June 2021	0.183	0	3.82/4.00	15.0%/15.0%
Intribe	July 2021	0.107	na	2.10/2.21	9.71%/9.71%
Icomfort	2021	0.75	na	4.00/4.75	10.0%/10.0%
Fintastico	May 2021	0.24	0	4.40/4.64	3.00%/2.84%

Source: Company data, Banca Akros estimates

Portfolio snapshot

DM's start-up portfolio remains balanced across several themes, with two thirds of start-ups belonging to the most promising sectors targeted by global VCs. The proportion of MarTech companies is slowly declining in this mix, while health/wellbeing-related tech is increasing.

DM Portfolio by Industry



Source: Digital Magics

Start-up results

From DM's investment highlight, we report the following information on the performances of the main invested companies. Based on the current perimeter, the aggregated revenues in FY 2020 amounted to EUR 58.5m (+10% Y/Y).

Digital Magics start-ups: selected KPIs

Company	2019 sales/Other KPI	2020/Other KPI	H1 2021/Other KPI	2021 outlook
HiNelson	EUR 495K	EUR 1.0m	EUR 0.9m	na
Macingo	EUR 1.16m	EUR 1.6m	EUR 1.4m, +108% GM EUR 346K, +39.5%	EUR 2.4m, +50%
aWorld	Launch sept 2020	EUR 53K	EUR 110K >100K users, 30 partners	Na/EUR 350K order as of 15 Sept
Crea	(Gross) EUR 1.8m Premia EUR 7.1m	(Gross) EUR 2.0m Premia EUR 7.4m	(Gross) EUR 1.1m, Net EUR 346K, +35% Premia EUR 4.2m	na
Criptalia	nm	EUR 107K Collection EUR 2.3m	EUR 245K, +245% Collection EUR 5.4m	EUR 1.2m Financing EUR 20m
Plurima	EUR 99.5K	EUR 130K	EUR 123K, +137%	na
Prestiamoci	(Gross) EUR 1.5m Collection EUR 9m	(Gross) EUR 2.8m Collection EUR 18m	(Gross) EUR 1.4m Collection 8m: EUR 10.5m	na
SurgiQ	EUR 97K	EUR 135K	EUR 105K	Na (EUR 194K order book 7 Sept)
ViteSicure	EUR 15.8K	EUR 96.7K	EUR 105.9K	na
Wenda	EUR 135K	EUR 140K	EUR 110K (7m)	Na (EUR 340K pipeline)

Source: Company data, Banca Akros estimates

Valuation update

We continue to value DM according to a Sum-of-the-Parts approach based on the main clusters we have described in our latest report, i.e. MarTech, FinTech (and InsurTech), Enterprise SW/Logistics/FoodTech.

We have updated the holdings' post-money valuation according to the most recent financing round concluded. In some cases, we have extracted companies that have been previously grouped under the "Other holding" cluster, given the higher visibility and the validation provided by a recent round with external investors.

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 gross portfolio value is in line with Deloitte's assessment (EUR 52.7m).**

The consulting business now factors in the contribution from The Doers. We have also valued the incumbent business at a 1.5x EV/sales multiple (vs. previous 1x).

The new finance coming from the capital increase and the conversion of SFP has been included in the "post-money" value, though SFP were already cashed in between December 2020 and January 2021. The number of shares includes the dilutive effect of the corporate actions.

Our SotP points to a NAV of EUR 5.8/sh, compared to EUR 6.5/sh in our previous assessment. The EUR 0.7/sh decline is due to the dilutive impact of the capital increase (EUR 1.0/sh) since that the capital injection took place at a 44% discount to our original fair value per share, partially offset by a EUR 0.3/sh increase in our NAV estimate.

Digital Magics Akros SotP valuation

EURm	Previous value (FY 2020)	Current value (H1 2021)	Notes	Impact on NAV
Hyperloop	16.05	16.05	unchanged	
Talent Garden	8.00	8.00	unchanged	
MarTech	6.66	6.66	unchanged	
FinTech	4.72	5.75	higher post-money value for Bridge Insurance lower post-money value for Prestiamoci Cardo valued according to post-money round	+0.20m -0.35m +1.18m
Enterprise SW/ Logistic/FoodTech	4.00	4.91	new investments in Nodriver, OpenSearch, Trainect, Smace; higher post-money value for Quomi and ELI WMS	+0.40m +0.20m +0.30m
Other holdings	11.94	11.31	analytical valuation for Viceversa other new investments divestments and reclassifications	+0.40m +0.52m -1.55m
Portfolio Gross Asset Value	51.4	52.7		+1.30m
Consultancy business	3.00	5.50	The Doers' business added at 1.5x EV/sales multiple on incumbent business raised accordingly (from 1x)	+1.00m +1.50m
Write-offs	-3.00	-3.00	25% of Other holdings' value	
Net cash (debt)	-3.50	-4.97	excluding SFP (EUR 1.58m as at Dec-2020, EUR 2m as at Jun-2021)	-1.47m
NAV (pre-money)	47.9	50.2		+2.30m
capital increase cash-in		9.96	EUR 7.96m from capital increase, EUR 2m from SFP	
NAV (post-money)	47.9	60.2		
NOSH	7,415	10,378	2,181K shares from capital increase; 238K from all-share acquisition of The Doers; 544K from conversion of SFP	
NAV per share	6.5	5.8	fully-diluted	

Source: Banca Akros estimates

ESG Focus

The main active actions the company has been pursuing in the ESG dimension are:

- ✓ Sustainability Report. Digital Magics published for the first time its “sustainability Report” for the FY 2020. <http://www.digitalmagics.com/wp-content/uploads/2011/07/Digital-Magics-BdS-2020.pdf>.
- ✓ We note that in the sustainability report DM also provides a visual summary of the ESG impact for the main start-ups in its portfolio.
- ✓ “BEST” approach. DM has coined the term “BEST” (Benessere, Etica, Sostenibilità, Tecnologia) to define its attitude and investment/management process oriented towards sustainability.
- ✓ Dedicated acceleration program for woman entrepreneurs. DM launched the initiative “MIA-Miss in Action” in January 2019, in partnership with BNP Paribas, with the ambition to select the 4 best start-ups or innovative enterprises which would enter a 5-month acceleration program. The program is currently in its third edition and one of the winners of the past selection (SMACE, a smart working platform) is among the ten new start-ups in which DM has invested in H1 2021.
- ✓ Dedicated “Magic Wand” for sustainability-oriented Start-ups. In November 2020, DM and Innova Venture (Lazio Region’s venture capital fund) launched the Magic Wand Sustainability” an acceleration program for digital fast-growing sustainability start-ups, for innovative start-ups headquartered, operating or willing to operate within the Lazio Region borders and focussed on Agritech, Medtech, Edtech, Smart City, Mobility, Energy, Space-Tech e Supply Chain. The 6 winners will enter the validation phase and will be awarded EUR 175K financing each. In H1 2021, DM invested in 7 start-ups which have participated in the program.

Environment

The business of an incubator/accelerator does not present material environmental impacts, in any case the company is taking measures to minimize its consumption of natural resources and its carbon footprint. In detail, the actions include: require to move all energy provision contracts to 100% renewable resources; utilization of low consumption lighting systems; promote utilization of public transportation for business travel; moving towards paperless document management; limit plastic consumption (e.g. vending machines and water bottles).

The metrics provided by the company suggest a strong improvement in 2020, albeit it could be probably related to the Covid impact.

- ✓ Total energy consumption from 644 GJ in 2019 to 309 GJ in 2020 (intensity from 6.44 to 3.09).
- ✓ GHG Emissions Scope 1 from 24 tCO₂ in 2019 to 8 in 2020
- ✓ GHG Emissions Scope 2 (acquired electricity) from 42 tCO₂ in 2019 to 21 in 2020

Social

DM claims that through its start-up portfolio it can promote social and economic sustainability according to four main lines:

- ✓ Promotion of innovation to serve local communities and national economic development, from the support to start-up and innovative SMEs.
- ✓ Boost employment in the funded start-ups
- ✓ Economic development of funded companies
- ✓ Creation and distribution of economic resources, via a network of players and financial operators which support DM’s initiatives.



Governance

The board is composed of 12 members, which include 5 non-executive and 1 independent director; there is no gender diversity at the moment since the only female director Layla Pavone resigned as she is running for local elections.

Committees. A committee for incubation, which includes DM's management and its local partners, chaired by DM's Digital Officer and taking place once a week to assess new initiatives to propose to the BoD. A Committee for Acceleration; for each acceleration project DM creates a committee which includes DM's representatives and the partners for the specific initiatives. The committee analyses and assess the project and its progress and generates a report for the BoD for final valuation,

Risk management. The business is intrinsically characterized by a high level of risk, also in absence of reliable and consistent operating and economic KPIs of the invested companies. DM adopts contractual and organizational tools to reduce the overall risk, including corporate governance rules to enhance the powers of minority shareholders. The incubator role of the company grants a continuous relationship with the start-up and a constant monitoring of its performance, in order to identify in advance potential critical situations. The selection criteria are ultimately related to the competence and skills and of DM's management, which boasts pluri-annual experience in management and entrepreneurship roles in the sector. DM claims that the 40% failure rate of their start-ups is among the lowest in the sector.

ESG Scorecards

Digital Magics	NO	WIP	OK	Comments/Descriptions
ESG projects/activities/certifications				Dedicated acceleration programs on sustainability and women entrepreneurship
Materiality Matrix (GRI or Others)				-
Sustainability Report (CSR)				From year 2020
Sustainability Plan / Defined ESG Goals				-
ESG Ratings				-
(additional items)				-

Source: Banca Akros



ESG Positioning

Digital Magics	Below	In line	Above	Comments/Descriptions
Environment				
GHG emission cut (CO ₂ reduction)				50% reduction in 2020 (scope 1+ scope 2)
Water consumption				Non-material, specific actions
Electricity & Power consumption				write your comment here
Waste reduction				Non-material, specific actions
(additional items)				Specific positive impact at single start-up level
Social				
Social engagement				Promote employment, digitalization, green transition and inclusion
Accident index				No accidents, no mobbing lawsuits in 2020
Gender Equality				Woman 64% of employees and 75% of middle managers
Training / Employees satisfaction				Training on the job
(additional items)				Specific positive impact at single start-up level
Governance				
BoD composition				One indep directors, no women in BoD
Top management ESG Involvement.				-
(additional items)				Low personnel turnover (6.7%)

Source: Banca Akros

**Digital Magics: Summary tables**

PROFIT & LOSS (EURm)	2020	2021
Revenues	2.8	2.9
Non Recurrent Items	0.0	0.0
Net Profit (reported)	-2.5	-1.5
BALANCE SHEET (EURm)		
Shareholders Equity	16.2	24.7
Minorities equity	0.0	0.0
Net Debt	2.0	-2.9
NAV Constituents & Total NAV (EURm)		
NAV unlisted companies	51.4	52.7
Consultancy business	3.0	5.5
Write Offs	-3.0	-3.0
Net Financial position	-2.0	5.0
Total Net Asset Value	49.4	60.2
Discount/(Premium) to NAV	0.0%	0.0%
Listed shareholdings on NAV	0.0%	0.0%
OTHER ITEMS (EURm)		
Total Market Cap	27.7	43.6
Debt / Equity	12.1%	-11.9%
Payout Ratio	0.0%	0.0%
P/BV	1.7	1.8
Dividend Yield (Gross)	0.0%	0.0%
PER SHARE DATA (EUR)		
EPS (reported)	-0.338	-0.144
NAVPS	6.666	5.801
BVPS	2.183	2.376
DPS	0.000	0.000

Source: Company, Banca Akros estimates

Sector: Financial Services Holdings/Holding

Company Description: Digital Magics is the main Italian incubator. The company aims at supporting the development of start-ups, mainly but not only in the digital arena, providing both professional services and financial seed and pre-seed investments. In over 10 years the company and its management team became well reknown among Italian startupper and the recently created DM's ecosystem comprising both DM, Tamburi Investment Partners and Talent Garden represent a valuable asset for startupper. The company currently holds a direct interest in 73 companies. The scope is mainly domestic even though we cannot rule out a material stake in the Int'l project Hyperloop.

European Coverage of the Members of ESN

Automobiles & Parts	Mem(*)	Kaufman & Broad	IAC	Banca Generali	BAK	Bollore	CIC
Brembo	BAK	Kering	CIC	Banca Ifis	BAK	Bureau Veritas	CIC
Faurecia	CIC	L'Oreal	CIC	Banca Mediolanum	BAK	Caf	GVC
Ferrari	BAK	Lvmh	CIC	Banca Sistema	BAK	Catenon	GVC
Gestamp	GVC	Maisons Du Monde	CIC	Bff Bank	BAK	Cellnex Telecom	GVC
Indelb	BAK	Moncler	BAK	Dea Capital	BAK	Cembre	BAK
Michelin	CIC	Monnalisa	BAK	Finecobank	BAK	Clasquin	IAC
Pirelli & C.	BAK	Ovs	BAK	Mediobanca	BAK	Cnh Industrial	BAK
Plastic Omnium	CIC	Piaggio	BAK	Poste Italiane	BAK	Corticeira Amorim	CBI
Sogefi	BAK	Richemont	CIC	Rothschild & Co	CIC	Ctt	CBI
Stellantis	BAK	Safilo	BAK	Food & Beverage	Mem(*)	Danieli	BAK
Valeo	CIC	Salvatore Ferragamo	BAK	Advini	CIC	Datalogic	BAK
Banks	Mem(*)	Smcp	CIC	Bonduelle	CIC	Enav	BAK
Banca Mps	BAK	Swatch Group	CIC	Campani	BAK	Exel Industries	CIC
Banco Sabadell	GVC	Technogym	BAK	Danone	CIC	Fiera Milano	BAK
Banco Santander	GVC	Tod'S	BAK	Diageo	CIC	Fincantieri	BAK
Bankinter	GVC	Trigano	CIC	Ebro Foods	GVC	Getlink	CIC
Bbva	GVC	Ubisoft	CIC	Enervit	BAK	Global Dominion	GVC
Bnp Paribas	CIC	Energy	Mem(*)	Fleury Michon	CIC	Haulotte Group	CIC
Bper	BAK	Cgg	CIC	Italian Wine Brands	BAK	Interpump	BAK
Caixabank	GVC	Ecoslops	CIC	Lanson-Bcc	CIC	Inwit	BAK
Credem	BAK	Eni	BAK	Laurent Perrier	CIC	Leonardo	BAK
Credit Agricole Sa	CIC	Galp Energia	CBI	Ldc	CIC	Logista	GVC
Intesa Sanpaolo	BAK	Gas Plus	BAK	Nestle	CIC	Manitou	CIC
Liberbank	GVC	Gtt	CIC	Orsero	BAK	Nicolas Correa	GVC
Natixis	CIC	Maurel Et Prom	CIC	Pernod Ricard	CIC	Openjobmetis	BAK
Societe Generale	CIC	Plc	BAK	Remy Cointreau	CIC	Osai	BAK
Unicredit	BAK	Repsol	GVC	Tipiak	CIC	Prima Industrie	BAK
Basic Resources	Mem(*)	Rubis	CIC	Vilmorin	CIC	Prosegur	GVC
Acerinox	GVC	Saipem	BAK	Viscofan	GVC	Prosegur Cash	GVC
Altri	CBI	Siemens Gamesa Re	GVC	Vranken	CIC	Prysman	BAK
Arcelormittal	GVC	Technip Energies	CIC	Healthcare	Mem(*)	Rai Way	BAK
Ence	GVC	Technipfmc Plc	CIC	Abionyx Pharma	CIC	Rexel	CIC
Imerys	CIC	Tecnicas Reunidas	GVC	Amplifon	BAK	Saes	BAK
Semapa	CBI	Tenaris	BAK	Atrys Health	GVC	Salcef	BAK
The Navigator Company	CBI	Totalenergies	CIC	Crossject	CIC	Talgo	GVC
Tubacex	GVC	Vallourec	CIC	Diasorin	BAK	Teleperformance	CIC
Chemicals	Mem(*)	Fin. Serv. Holdings	Mem(*)	El.En.	BAK	Verallia	CIC
Air Liquide	CIC	Cir	BAK	Fermentalg	CIC	Vidrala	GVC
Arkema	CIC	Corp. Financiera Alba	GVC	Fine Foods	BAK	Zardoya Otis	GVC
Plasticos Compuestos	GVC	Digital Magics	BAK	Genfit	CIC	Insurance	Mem(*)
Consumer Products & Services	Mem(*)	Eurazeo	CIC	Gpi	BAK	Axa	CIC
Abeo	CIC	Gbl	CIC	Guerbet	CIC	Catalana Occidente	GVC
Basicnet	BAK	Peugeot Invest	CIC	Korian	CIC	Cattolica Assicurazioni	BAK
Beneteau	CIC	Rallye	CIC	Oncodesign	CIC	Generali	BAK
Brunello Cucinelli	BAK	Tip Tamburi Investment Partners	BAK	Orpea	CIC	Mapfre	GVC
Capelli	CIC	Wendel	CIC	Prim Sa	GVC	Net Insurance	BAK
De Longhi	BAK	Fin. Serv. Industrials	Mem(*)	Recordati	BAK	Unipolsai	BAK
Europcar	CIC	Abitare In	BAK	Shedir Pharma	BAK	Materials, Construction	Mem(*)
Fila	BAK	Dovalue	BAK	Theraclion	CIC	Acs	GVC
Geox	BAK	Nexi	BAK	Vetoquinol	CIC	Aena	GVC
Givaudan	CIC	Tinexta	BAK	Virbac	CIC	Atlantia	BAK
Groupe Seb	CIC	Financial Services Banks	Mem(*)	Industrial Goods & Services	Mem(*)	Buzzi Unicem	BAK
Hermes Intl.	CIC	Amundi	CIC	Applus	GVC	Cementir	BAK
Hexaom	CIC	Anima	BAK	Avio	BAK	Cementos Molins	GVC
Interparfums	CIC	Azimut	BAK	Biesse	BAK	Clerhp Estructuras	GVC



Eiffage	CIC	Inditex	GVC	Utilities	Mem(*)
Fcc	GVC	Unieuro	BAK	A2A	BAK
Ferrovial	GVC	Technology	Mem(*)	Acciona	GVC
Groupe Adp	CIC	Agile Content	GVC	Acea	BAK
Groupe Poujoulat	CIC	Akka Technologies	CIC	Albioma	CIC
Groupe Sipi S.A.	CIC	Almawave	BAK	Alerion Clean Power	BAK
Herige	CIC	Alten	CIC	Audax	GVC
Holcim	CIC	Amadeus	GVC	Derichebourg	CIC
Maire Tecnimont	BAK	Atos	CIC	Edp	CBI
Mota Engil	CBI	Axway Software	CIC	Edp Renováveis	CBI
Obrascon Huarte Lain	GVC	Capgemini	CIC	Enagas	GVC
Sacyr	GVC	Cast	CIC	Encavis Ag	CIC
Saint Gobain	CIC	Esi Group	CIC	Endesa	GVC
Sergeferrari Group	CIC	Exprivia	BAK	Enel	BAK
Sonae Industria	CBI	Gigas Hosting	GVC	Erg	BAK
Spie	CIC	Indra Sistemas	GVC	Falck Renewables	BAK
Tarkett	CIC	Lleida.Net	GVC	Greenalia	GVC
Thermador Groupe	CIC	Memscap	IAC	Hera	BAK
Vicat	CIC	Neurones	CIC	Holaluz	GVC
Vinci	CIC	Reply	BAK	Iberdrola	GVC
Webuild	BAK	Sii	CIC	Iren	BAK
Media	Mem(*)	Sopra Steria Group	CIC	Italgas	BAK
Arnoldo Mondadori Editore	BAK	Stmicroelectronics	BAK	Naturgy	GVC
Atresmedia	GVC	Tier 1 Technology	GVC	Red Electrica Corporacion	GVC
Cairo Communication	BAK	Visiati	CIC	Ren	CBI
Digital Bros	BAK	Vogo	CIC	Snam	BAK
GI Events	CIC	Telecommunications	Mem(*)	Solaria	GVC
Il Sole 24 Ore	BAK	Bouygues	CIC	Terna	BAK
Ipsos	CIC	Ekinops	CIC	Volitalia	CIC
Jcdecoux	CIC	Euskaltel	GVC		
Lagardere	CIC	Ezentis	GVC		
M6	CIC	Iliad	CIC		
Mediaset	BAK	Nos	CBI		
Mediaset Espana	GVC	Orange	CIC		
Nrj Group	CIC	Retelit	BAK		
Publicis	CIC	Telecom Italia	BAK		
Rcs Mediagroup	BAK	Telefonica	GVC		
Tf1	CIC	Tiscali	BAK		
Vivendi	CIC	Unidata	BAK		
Personal Care, Drug, Grocery Stores	Mem(*)	Vodafone	BAK		
Carrefour	CIC	Travel & Leisure	Mem(*)		
Casino	CIC	Accor	CIC		
Jeronimo Martins	CBI	Autogrill	BAK		
Marr	BAK	Compagnie Des Alpes	CIC		
Sonae	CBI	Edreams Odigeo	GVC		
Unilever	CIC	Elior	CIC		
Winfarm	CIC	Fdj	CIC		
Real Estate	Mem(*)	Groupe Partouche	IAC		
Almagro Capital	GVC	I Grandi Viaggi	BAK		
Igd	BAK	Ibersol	CBI		
Lar España	GVC	Int. Airlines Group	GVC		
Merlin Properties	GVC	Melia Hotels International	GVC		
Realia	GVC	Nh Hotel Group	GVC		
Retail	Mem(*)	Pierre Et Vacances	CIC		
Burberry	CIC	Sodexo	CIC		
Fnac Darty	CIC				

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

as at 14 July 2021



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

Il presente documento è stato redatto da Andre Devita e Gian Marco Gadini (soci AIAF) che svolgono funzioni di analista presso Banca Akros SpA ("Banca Akros"), soggetto responsabile della produzione del documento stesso. **Esso è prodotto e distribuito dal giorno 26 October 2021, ore 08:59 italiane.**

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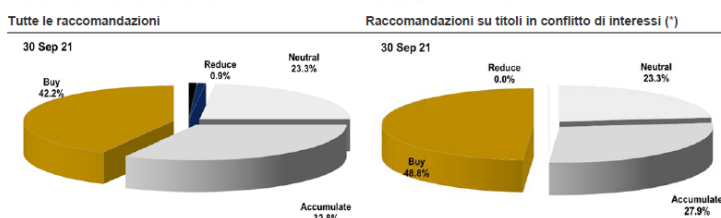
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Percentuale delle raccomandazioni al 30 settembre 2021



(*) Si informa che la percentuale degli emittenti in potenziale conflitto di interessi con Banca Akros è pari al 37.07% del totale degli emittenti oggetto di copertura

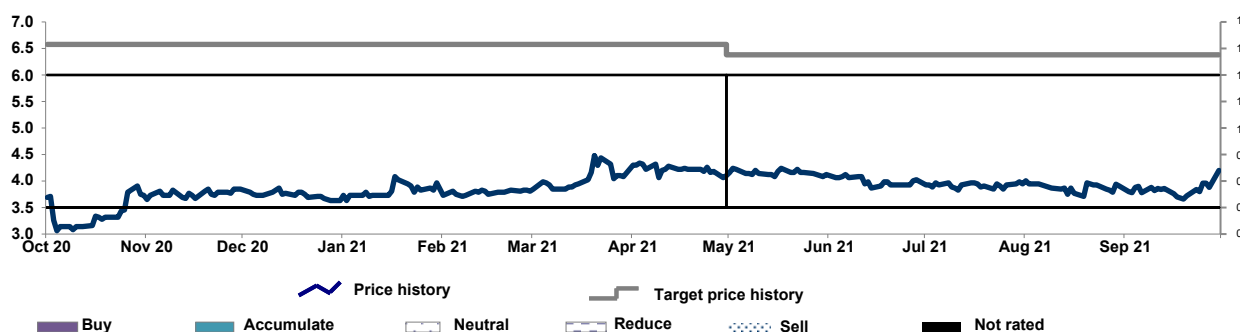
Recommendation history for DIGITAL MAGICS

Date	Recommendation	Target price	Price at change date
25-May-21	Buy	6.38	4.10
08-Jun-20	Accumulate	6.58	4.30
31-May-19	Accumulate	7.66	5.59

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 based on **total return**, measured by the upside/downside potential (including dividends and capital reimbursement) over a **12-month time horizon**. The final responsible of the recommendation of a listed company is the analyst who covers that company. The recommendation and the target price set by an analyst on one stock are correlated but not totally, because an analyst may include in its recommendation also qualitative elements as market volatility, earning momentum, short term news flow, possible M&A scenarios and other subjective elements.



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

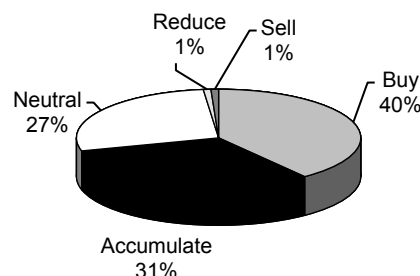
Furthermore, in specific cases and for a limited period of time, the analysts are allowed to rate the stocks as **Rating Suspended (RS)** or **Not Rated (NR)**, as explained below.

Meaning of each recommendation or rating:

- **Buy:** the stock is expected to generate total return of **over 15%** during the next 12-month
- **Accumulate:** the stock is expected to generate total return of **5% to 15%** during the next 12-month
- **Neutral:** the stock is expected to generate total return of **-5% to +5%** during the next 12-month
- **Reduce:** the stock is expected to generate total return of **-5% to -15%** during the next 12-month
- **Sell:** the stock is expected to generate total return **under -15%** during the next 12-month
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Note: a 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: 26 October 2021: 8:59 CET

First date and time of dissemination: 26 October 2021: 9:04 CET

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