

Company Update

Reason: Company newsflow

31 May 2019

Accumulate

Recommendation unchanged

Share price: EUR 5.86

closing price as of 30/05/2019

Target price: EUR 7.80

from Target Price: EUR 8.30

Upside/Downside Potential 33.1%

Reuters/Bloomberg DMG.MI/DM IM

Market capitalisation (EURm) 43,452

Current N° of shares (m) 7,415

Free float 37%

Daily avg. no. trad. sh. 12 mth 3

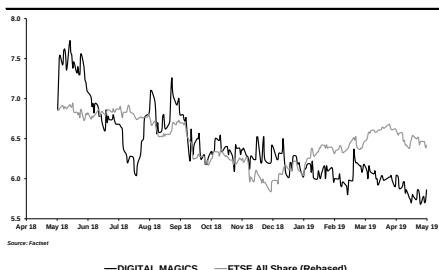
Daily avg. trad. vol. 12 mth (m) 1.17

Price high/low 12 months 7.72 / 5.68

Abs Perfs 1/3/12 mths (%) -2.98/-2.33/-14.58

Shareholders

TIP 18%; Innogest 5%;



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Positive year behind, good outlook for Italian start-ups

We remain positive on Digital Magics. The company delivered improving results in FY 2018 generating its first profit ever and inaugurating shareholders- remuneration with a EUR 5c DPS. The partial exit from Talent Garden generated a significant capital gain and the new financing round boosted the value of the remaining participation. New funding is ongoing and milestones are expected for the largest participation HTT, in any case the portfolio is widening with new start-ups and successful financing rounds. Indeed, we note the positive results and perspectives of the Italian venture capital ecosystem, finally benefitting from some government support.

- ✓ **The main elements of the FY 2018 publication include:** Positive Net Result EUR 385K, vs. EUR 6.8m net loss in FY 2017. The performance was mainly driven by the capital gain (EUR 3.2m) generated in H2 with the exit from Talent Garden. The net result includes EUR 1.6m write offs (9 investments) vs. EUR 4.8m a year earlier (7 companies). Positive Net Financial Position, improving by EUR 0.6m in the year and by EUR 1.6m from the end of June. The main driver is the partial exit from Talent Garden (generating EUR 3.6m proceeds). Revenues and operating margins are not crucial in this business but were in any case better Y/Y. The EUR 0.3m EBITDA improvement is related to the fixed cost structure of the company.
- ✓ **The current portfolio includes 62 operating companies** (29 innovative start-ups and 15 innovative SMEs) vs. 58 at the end of 2017 and stable vs. the end of June (63). DM invested in 14 new participations during the year (including 6 in H2) for a total of EUR 2.3m (EUR 2.8m in FY 2017). The total financing collected by the portfolio exceeded EUR 11m.
- ✓ **The main events involving the key participations** include new financing rounds for Talent Garden (March 2019, EUR 44m incremental financing between equity and debt, with an implied post-money valuation of EUR 108m), Hyperloop TT (ongoing USD 200m fundraising) and Buzzoole (H2 2018, EUR 7.8m with implied post-money valuation of EUR 18.8m).
- ✓ **Positive perspectives for the start-up ecosystem**, +300% VC financing in 2018 to EUR 560m, with a potential of EUR 1bn short-term thanks to new funds and strong commitment of the Italian government,
- ✓ **Positive perspectives for the digital ecosystem** in which the investee companies operate, especially in the segments of Fintech (social-lending, crowdfunding) and marketing technologies (native adv, influencer, social media, programmatic) and B2B/professional services.
- ✓ **Updated valuation points to EUR 7.8 per share** on a fully diluted basis. HTT still represents the main holding in DM's portfolio (EUR 2.7per share). Talent Garden remains a sizeable investment after the partial sale and successful new financing round. We appreciate the actual results and innovative quality of the investee companies and drill-down in several names that offer the most interesting perspectives or represent a notable fraction of the portfolio value.

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FY 2018 results; first profit and dividend

DM posted its first profit ever and the board proposed the distribution of a EUR 5c DPS.

The main elements of the FY 2018 publication include:

- Positive Net Result EUR 385K, vs. EUR 6.8m net loss in FY 2017. The performance was mainly driven by the capital gain (EUR 3.2m) generated in H2 with the exit from Talent Garden. The net result includes EUR 1.6m write offs (9 investments) vs. EUR 4.8m a year earlier (7 companies).
- Positive Net Financial Position, improving by EUR 0.6m in the year and by EUR 1.6m from the end of June. The main driver is the partial exit from Talent Garden (generating EUR 3.6m proceeds).
- Revenues and operating margins are not crucial in this business but were in any case better Y/Y. The EUR 0.3m EBITDA improvement is related to the fixed cost structure as revenues increased by EUR 0.54m while labour costs by just EUR 54K.
- The current portfolio includes 62 operating companies (29 innovative start-ups and 15 innovative SMEs) vs. 58 at the end of 2017 and stable vs. the end of June (63). DM invested in 14 new participations during the year (including 6 in H2) for a total of EUR 2.3m (EUR 2.8m in FY 2017). The total financing collected by the portfolio exceeded EUR 11m.

The main events involving the key participations include new financing rounds for Talent Garden (March 2019 EUR 44m with implied post-money valuation of EUR 100m), Hyperloop TT (ongoing USD 200m fundraising) and Buzzoole (H2 2018, EUR 7.8m with implied post-money valuation of EUR 18.8m).

P&L analysis

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

Source: Company data

Balance-sheet analysis

Data in EUR m	2015	2016	2017	2018
Fixed assets	15.4	16.9	14.8	15.3
NWC	1.76	2.03	1.80	1.52
Total funds	(0.06)	(0.07)	(0.06)	(0.08)
Total Assets	17.1	18.8	16.5	16.8
Shareholders' Equity	16.6	14.9	18.9	19.8
Net Debt	0.41	3.94	(2.43)	(3.02)
Total Liabilities	17.1	18.8	16.5	16.8

Source: Company data

We consider the above a strong set of results with a significant partial exit and supporting new round of financing for the main companies in the portfolio. The achievement of a positive net result and the distribution of a dividend seem to validate further the viability of DM's business model.

DM: Capital Structure

2017 had been an eventful year for DM, which cashed-in some EUR 9.3m in fresh capital and saw the entry of new core investors including Tamburi's StarTIP (currently the main shareholder of the company with 22.75%, Garage Start Up with 6.36% (operating the on-line university Pegasus with which DM collaborates) and Innogest (which contributed a 35% in the seed capital fund "Withfounders" of which DM is now the main shareholder) with 5.71%.

The shareholders' book has remained pretty stable in 2018.

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 2020 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, while in October 2018 they were only 3,508 implying a cash inflow of EUR 22K.

Exercise prices and potential maximum cash-in SCENARIOS (with actual exercise 2017 and 2018)

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	901		6.26	10.53
October 2020	7.55	901		6.81	11.07
October 2021	8.15	901		7.35	11.61
October 2022	8.75	901		7.89	12.15

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, will 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. Moreover, the AGM 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.

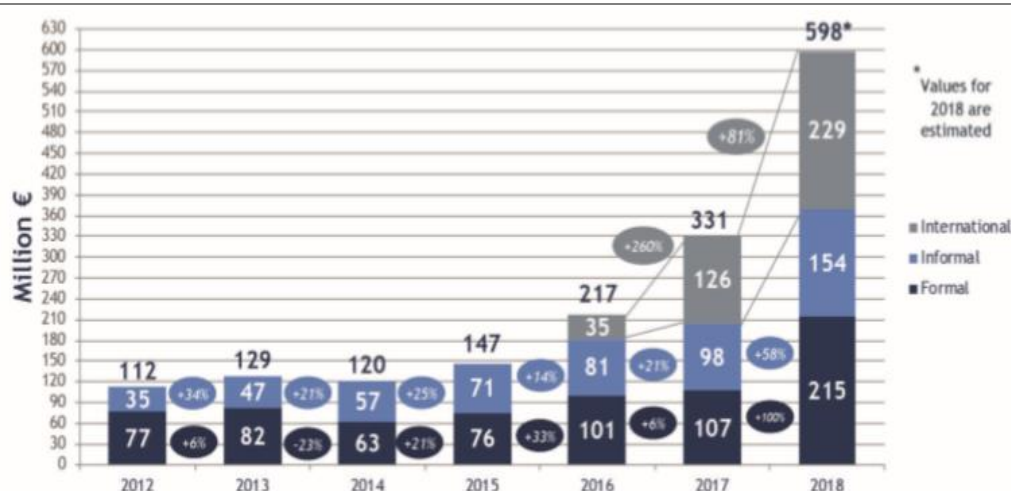
The Italian VC market boomed in 2018, more to come

We believe that Digital Magics operates in a very dynamic market which has been experiencing a strong momentum in the past year and is poised for sustained growth going forward, driven by increasing available funding and by the strong underlying digital industries.

According to AGI (Agenzia Giornalistica Italiana), investments in Italian start-ups totalled in 2018 EUR 560m, up by above 300% on 2017, including EUR 36m from equity crowdfunding (+206% Y/Y). Venture capital investments were also up by three times as foreign institutional investors were back with large deals, including Prima Assicurazioni (EUR 100m from Goldman Sachs e Blackstone), Moneyfarm (EUR 46m) and Satispay (EUR 15m).

A market analysis by Il Politecnico di Milano found a similar performance, which includes the EUR 100m increase in funds from international investors, the strong growth in “informal” investors and the presence of 12 rounds worth above EUR 10m (first time since 2012).

Italian Venture Capital investments



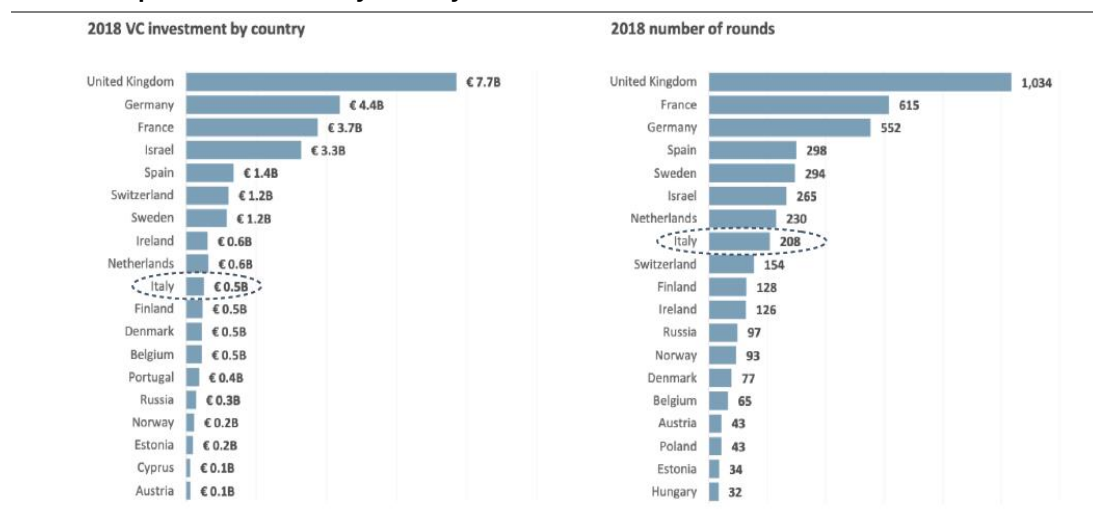
Source: Politecnico di Milano, November 2018

Going forward, the opportunities appear even rosier taking into account 1) the creation of new investment fund and the recapitalization of existing ones providing (source: start-up Italia) up to EUR 0.9bn additional funds and 2) the **supporting stance taken by the government**, via a specific addendum to the 2019 budget law. In particular, we note a series of measures to

- increase the direct financial involvement of the state with 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 State associates companies (which could be worth some EUR 0.5bn pa).
- rationalise the actions under the CDP umbrella (having acquired the Invitalia venture capital fund which has a firepower of EUR 400m).
- Incentivize the private investment with 3.5% of PIR funds attributed to VC investments, formalization of business angels category (from 30% to 40% tax savings).
- Introduce more favourable tax conditions (50% discount) at the exit if the investment is kept for at least three years.

With these premises, the EUR 1bn mark should be in sight, helping to close the still large gap between Italy and other European economies.

Venture Capital investments by country



Source: LVenture presentation (April 2019)

Q1 2019 started very strong in terms of start-up activity, with EUR 133m (vs. EUR 27m the previous year) transacted between capital increases, crowdfunding and exits. We note that a key deal in this quarter was the financing round of DM's portfolio company Talent Garden (EUR 44m between equity and debt).

The **comparable incubators/venture capital players in the domestic market** include the listed operators H Farm (Bloomberg ticker FARM) which is based in Veneto region and L-ventures (LVEN) which is based in Rome and is connected with the Luiss University.

Main peer

	Mkt		# start-ups*	Cumulative Revs	Portfolio Dec 2018	Investments
	Cap	NFP**	Dec 2018	2018 (20)	(book value in EUR m)	in EUR m 2018
L-Ventures	18.9	(0.8)	>60	25	15.2	2.82
H-Farm	48.0	(5.7)	59	na	14.5	2.3
Digital Magics	42.4	3.0	62	56	11.9	2.3

Source: Banca Akros estimates, Lventures, H-Farm (*) active (**) negative if net debt

L-Ventures presented a new business plan in April 2019, which includes a capital increase of EUR 8m to be finalized in the current year in order to finance higher investments (EUR 30m cumulated 2019/2022, including EUR 3m in FY 2019 alone). The player aims to complete 15/20 exits in the three years and to turn to EBITDA positive in FY 2019 (EUR -0.7m last year).

H-Farm with its stock market listing in 2015 has diversified its business from pure incubator to consulting for digital transformation (EUR 40m revenues) to the educational sector (from primary school to university and business school), which in FY 2018 generated EUR 12m revenues (out of the EUR 61m total turnover). The company had two successful exits in 2018 namely Depop (Fashion segment, EUR 4.6m with EUR 3.8m capital gain) and Travel Appel (EUR 0.9m, with EUR 0.8m capital gain).

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 62 operating companies, (including 29 innovative start-ups and 15 innovative SMEs) vs. 58 at the end of 2017. In FY 2018, the NET investment in new holdings and existing holdings was EUR 2.3m (EUR 2.8m in 2017). DM also booked EUR 1.6m in write-downs (7 companies) vs. EUR 4.8m (9 cos) in FY 2017. The total number of companies invested including inactive ones is 80.

INVESTMENTS

In 2018, DM invested a total of EUR 1.0m in **14 new companies**, all of which (ex Diaman Tech) are rated as “innovative Start-ups” including the first 6 in the table below which were finalists in the “Magic Wand” FinTech & InsurTech program launched in October 2017. DM invested the most in Coverholder, which is also the start-up with the highest implied value of EUR 2.58m. Diaman-Tech and Axieme follow with EUR 1.83m implied value each.

Digital Magics's top holdings: key takeaways

Holdings	Sector	Description	DM's stake	Investment
Diaman Tech	Fintech	End to end platform to help wealth mgmt consulting	7.89%	144.3K
MyCreditService	Fintech	End-to-end, real-time management of net working capital	0.3%	21.0K
Axieme	Insurtech	“Social insurance” platform	5.89%	107.6K
Moneymour	Fintech	Instant-lending for e-commerce transaction (innovative credit scoring)	10%	80.8K
Coverholder (Ins. MGA)	Insurtech	InsurTech agent to support the sales network	9.27%	239K
CARDO (P2P Advisor)	Fintech	Robo-advisor for alternative assets class (P2P lending, RE crowdfunding..)	10%	80.8K
Wonderstore	Retail Tech	In-store computer vision and customer analysis	12%	85.8K
Kaitiaki	Social	bot to address verbal violence on social networks	5%	35.8K
House4crowd	Fintech	Crowdfunding for real-estate invest. in Europe	10%	53.3K
Laila (Mazer srl)	MarTech	Second-generation chat-bots	0.26%	5K
Tripooow	Industry 4.0	“intelligent tour operator”	2.5%	50K
ELI WMS (OHC Bene srl)		SaaS platform for warehouse management	15.49%	110K
Loud	SW	Software house	12%	12K
AIRCNC	Industry 4.0	Platform for time-sharing on CNC machines	10%	1K

Source: Company data

In October 2017, Digital Magics launched “**Magic Wand**”, the Fintech and Insurtech accelerator program aimed to develop innovative early-stage start-ups in the FinTech and InsurTech (Banking&Payment, investments, financing, insurance and Infrastructure & enabling technologies) fields. After the first round in January 2018, 10 projects were selected, out of more than 50 ideas, for a six-month acceleration process and a first grant of EUR 5K. Followed by a Program Manager and DM's mentors and advisors, participants had the opportunity to take part in targeted courses, workshops and masterclasses to improve their business projects. 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 (Open Call until the end of November 2018) is 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 has already selected 6 start-ups for the “validation phase” which includes EUR 15K cash and the incubation journey worth EUR 75K, the possibility to present the project to investors in Milan and London and to receive further EUR 300K financing. The presentation of these companies will take place in the DM Investors' Day next July. See appendix for detailed description.

Other investments in existing holdings which increased the December 2018 book value of the specific assets, include LiveXtension (digital agency), Yo agents (distributed network platform for free-lance agents), Centy (intelligent coin-counter for dimes), Epic SIM, Eggup (HR platform to analyse soft skills) and Macingo (transportation marketplace). DM also booked as investments some EUR 0.86m related to waived credits to companies that were ultimately written-off.

DM Portfolio DYNAMICS in 2018: main movements

Holdings	BV Dec 2017	Stake Dec 2017	Investment (Divest)	Write- down	BV Dec 2018	Stake Dec 2018	Note
Digital Bees	786.9	78.7%	159.3	(159.3)	786.9	78.7%	Waived credit
Livextension	611.1	70.0%	355.1	-	966.3	85.0%	350K waived credit
Viniamo	0	60.0%	171.8	(171.8)	0	60.0%	Waived credit and liquidation
Premium Store	300.0	63.63%	191.9	(491.9)	0	63.63%	Waived credit and liquidation
Yo Agents	864.9	57.3%	121.9	-	986.7	60.72%	31.8K waived credit
Total subsidiaries	-	3,298	1,000	(823.0)	3,475	-	8 companies
Growishpay	974.3	39.18%	111	-	1,085	37.32%	o/w 61K waived credits
Easybaby	208.0	50.0%	60.0	(268.0)	0	50.0%	Waived credit and liquidation
Digital events	0	na	238.7	(238.7)	0	na	Including 25K waived credit, e
Skillme	0	39.2%	13.9	(13.9)	0	39.2%	Waived credit and write-off
B2G	140.2	28.2%	-	(140.2)	0	28.2%	Write-off
Withfounders	1,067	35.0%	-	(10.1)	1,057	35.0%	-
Ncore	50	25.0%	5.84	-	55.8	22.5%	Waived credit
Centy	11.3	15.0%	143.3	-	154.6	23.75%	Capital increase
Total Associates	4,399	-	572.8	(670.9)	4,312	-	19 companies
Talent Garden	820.0	18.72%	(395.7)	-	424.2	9.22%	Disposal of 7.44%
Almadomus	35.5	13.76%	0.2	(35.7)	0	14.52%	Write-off
Pneusmart	92.5	3.59%	-	(92.5)	0	3.59%	Write-off
Grampit	5.88	9.31%	(5.88)	-	0	0%	Disposal at book value
Epic SIM	332.7	3.0%	13.7	-	346.5	2.99%	Capital increase
Cambio Merci	250.0	12.0%	-	(250.0)	0	12.0%	Write-off
Ad2014	308.7	17.15%	-	(308.7)	0	17.15%	Write-off and liquidation
Inaponus	4.85	7.5%	-	(4.85)	0	7.5%	Write-off
Eggup	29.8	6.3%	25.0	-	54.8	7.41%	Capital increase
Macingo	54.8	8.0%	4.14	-	59.2	3.64%	-
Tikidoo	124.8	15.0%	-	(124.8)	0	15.0%	Write-off
App Metrics	0	na	26.8	(26.8)	0	10.0%	Disposal at EUR 3K
The Ing Project	0	3.6%	54.8	-	54.8	3.65%	Conversion of fin instr into equity
New investments	0	-	1.03	-	1.03	-	14 companies see above
Total other companies	4,205	-	737.0	(843.0)	4,101	-	53 companies
Grand Total	11,902		2,322	(2,377)	11,877		EUR 2,724m gross invest. EUR 402m divestments

Source: Company data

EXITS

The main transaction of last year 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.

DM also sold its entire participation in **Grampit** at book value (EUR 6K).

MAIN FUNDING ROUNDS

In 2018, DM injected EUR 2.3m net funds into its portfolio of companies, complemented by further EUR 6.8m from external investors to a total of EUR 9.1m (EUR 7.4m in 2017).

In June, **CENTY**, the smart coin counter managed entirely remotely via app, closed a capital increase of EUR 250K subscribed by: StarTIP; Venpay, a PayTech company controlled by IVS Group, a leader in the vending machine industry, and Digital Magics, already a shareholder of CENTY. With the new funds, CENTY will enhance its SW and technology platform; will produce three prototypes of the smart coin counter and will focus on activities of research and development, marketing and promotion of the product and service. After the capital increase the founders of CENTY will control 56.25% of the company.

In June **YoAgents**, the web platform/app designed to create "on demand" and "open" commercial networks for the promotion of digital services on the Internet, closed a EUR 415K capital increase subscribed by: Atandia (investment vehicle of Enrico Deluchi, former CEO of Canon Italia); Moffu Labs (a network of investors and business angels focused on technological start-ups); Boost Heroes (an investment holding company specialised in companies in their early stages of development and with high scalability potential); 3LB Seed Capital, Lorenzo Dal Verme and DM. With these funds, YA has developed and enhanced the technology and SW, launched a new application with new features.

In early December **Buzzoole**, a leading influencer marketing platform in Europe, secured USD 8.9m in Series A funding in a round led by StarTIP and "Vertis Venture 2 Scaleup". Existing investors R301, Brahma AG, Impulse VC and ScaleIT Ventures also participated in the round bringing the company's total funding to date to over US 10m. The new funding will help Buzzoole's in its international expansion and platform development.

The current year started with a **very large round of financing 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) 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.

Hyperloop TT has currently 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) 2018/19

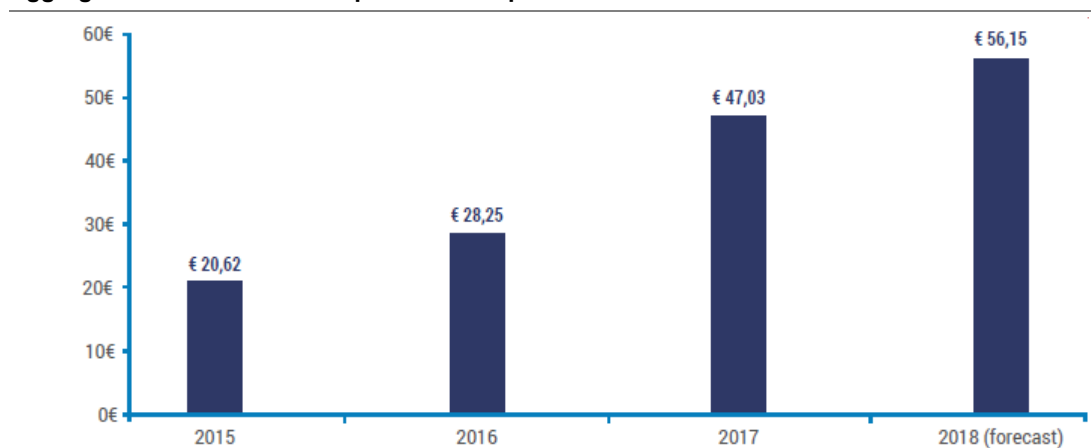
	Date	Total funding (EUR m)	o/w DM	Impl. valuation Pre/post money	DM stake pre/post financing
Buzzoole	Dec 2018	7.8	na	10.2/18.8	5.16%/5.96%
Centy	June 2018	0.250	0.143	1.00/1.25	15.00%/23.75%
Yo agent	Jan 2019	0.160	0.129	2.62/2.78	60.72%/63.73%
Axieme	Dec 2018	0.050	0.004	1.75/1.80	8.00%/6.37%
ELI WMS	Nov 2018	0.110	0.110	0.60/0.75	nm/15.49%
Kaitiaki	June 2018	0.060	0.036	0.54/0.60	nm/5.00%
Eggup	June 2018	0.225	0.025	0.75/0.975	6.3%/7.41%
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%
2019 Closed and Ongoing Rounds					
Hyperloop	Ongoing	200	na	800/1.000	8.69%/3.35%
Talent Garden	March 2019	23.0	0	85/108	9.22%/9.22%
Coverholder	Ongoing	0.350	na	3.5/3.85	9.27%/9.06%
Macingo	Ongoing	1.0	na	4.0/5.0	3.64%/9.00%
Diamantech	Ongoing	0.5	na	3.0/3.5	7.89%/8.15%
Growish	Ongoing	0.6	na	4.25/4.85	37.32%/32.70%
Moneymour	Ongoing	0.3	na	1.7/2.0	10.00%/14.52%
MyCreditService	Ongoing	0.6	na	2.82/3.42	0.30%/5.00%
200Crowd	Ongoing	1.0	na	4.0/5.0	3.65%/2.92%
Quomi	Ongoing	1.0	na	6.0/7.0	7.06%/6.05%
Wonderstore	Ongoing	0.5	na	2.5/3.0	12.00%/21.50%
GrowishPay	Ongoing	0.59	na	4.25/na	37.32%/na

Source: Company data, Banca Akros estimates

PORTFOLIO SNAPSHOT

As per December 31, 2018 DM had in its portfolio of investments 62 operating companies, which, according to DM, generated an aggregated revenue base of EUR 56.2m, representing a 3Y CAGR of almost 40%. In 2017, the companies held for more than 12m made +43%.

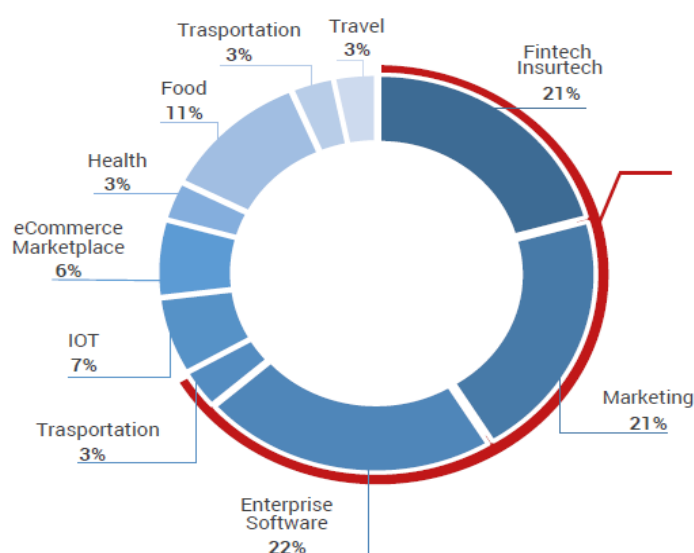
Aggregated revenues of DM's portfolio companies



Source: Digital Magics

We highlight that the majority of the portfolio is 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 two thirds of its start-ups operate in four out of the 5 main sectors in the European VC.

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).

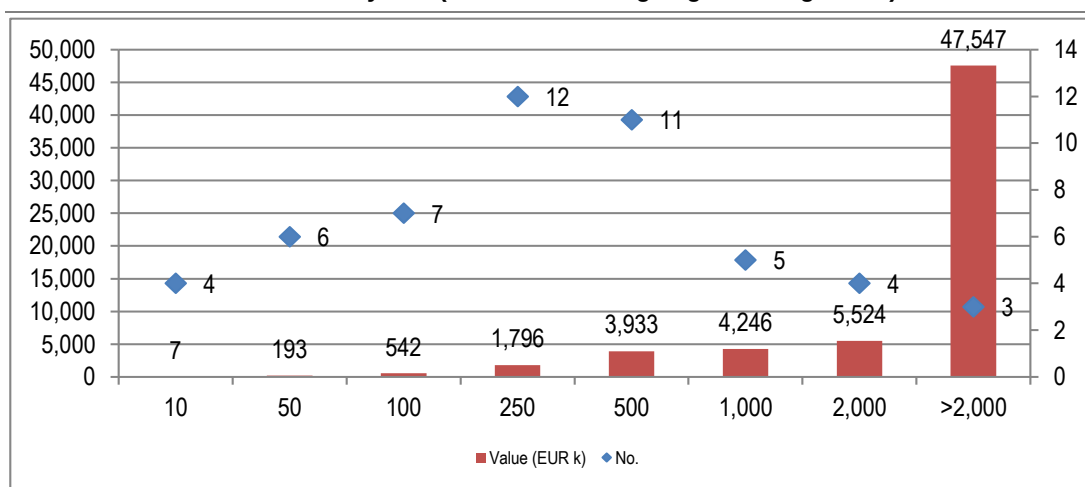
Digital Magics's top holdings (EUR K)

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	320.6	8.69%	3,689	Q4 16 (ongoing)	400,000	34,760	54.49%	54.49%
Talent Garden	2014	424.2	9.22%	4,601	Q1 19	108,000	9,958	15.61%	70.10%
4W marketplace	2008	1,362	32.15%	4,235	Q2 15	8,800	2,829	4.44%	74.54%
Yo Agents	2013	986.7	60.72%	1,625	Q1 2019	2,780	1,688	2.65%	77.18%
Growishpay	2011	1,085	37.32% (32.7%)	2,907	Q2 2017 (ongoing)	4,850	1,586	2.49%	79.67%
Digital Bees	2004	786.9	78.69%	1,000	Q2 2015	1,525	1,200	1.88%	81.55%
Withfounders	2016	1057	35.00%	3,020	Q1 2016	3,000	1,050	1.65%	83.20%
Buzzoole	2013	337.7	5.16%	6,545	Q4 2018	18,800	970	1.52%	84.72%
Livextension	2005	966.3	85.00%	1,137	na	1,137	966	1.51%	86.23%
Ncore	2017	55.8	22.50%	248	Q3 2018	4,000	900	1.41%	87.64%
Prestiamoci	2013	297	12.53%	2,370	Q3 2017	6,100	764	1.20%	88.84%
Wonderstore	2018	85.8	12.00%	715	(ongoing)	3,000	645	1.01%	89.85%
Sharide	2005	480.1	100.00%	480	na	0	480	0.75%	90.61%
Macingo	2017	59.2	3.64%	1,626	Q2 2018	5,000	450	0.71%	91.31%
Quomi	2016	2.88	7.06%	41	2017 (ongoing)	7,000	424	0.66%	91.98%
Epic SIM	2016	346.5	2.99%	11,589	Q1 2016	13,437	402	0.63%	92.61%
Eclettica Srl	2015	280	23.49%	1,192	Q4 2017	1,700	399	0.63%	93.23%
Coverholder	2018	239	9.27% (9.06%)	2,578	2018	3,850	349	0.55%	93.78%
DeRev	2014	126.6	17.47%	725	Q4 2017	1,730	302	0.47%	94.25%
Centy	2017	154.6	23.75%	651	Q2 2018	1,250	297	0.47%	94.72%
First 25 cos	-	10,278	-	55,629	-	603,796	61,637	96.63%	96.63%
Next 10 cos	-	982	-	17,444	-	19,615	1,409	2.21%	98.84%
Final 17 cos	-	627	-	15,521	-	17,704	743	1.16%	100.0%
Grand Total	-	11,886	-	88,595	-	641,115	63,788	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.

The main 25 investments account for almost 95% of the total portfolio value according to this dimension, with 10% of the companies (the first 6) capturing 82% of the total value.

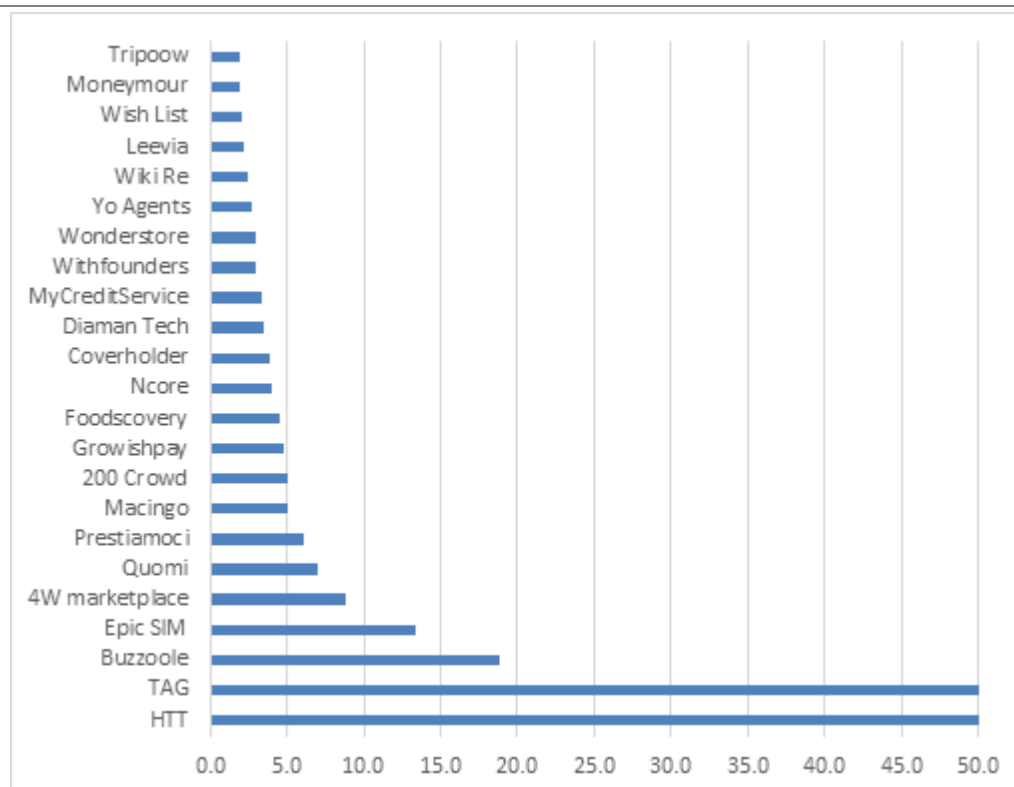
Distribution of Portfolio Value by size (based on last/ongoing financing round)



Source: Banca Akros on company data

Based on book values as per Dec 31, 2018, the only four companies valued in the region or above EUR 1m include 4W Mkt, Growishpay, Withfounders, Yo Agents and Live extension. In terms of absolute size based on financing rounds, there are 35 companies in DM's portfolio that on a 100% basis are valued above the EUR 1m threshold; the first 10 companies ex the outliers HTT and TAG, are all worth in excess of EUR 3m including two (Buzzoole and EPIC SIM) above EUR 10m and five between EUR 5m and EUR 10m value.

Distribution of Companies' value (100% equity value) by size



Source: Banca Akros estimates (TAG and HTT out of scale)

In terms of vintage, the average investment is around 4 years old, with 20% of the companies in for above 6 years.

DM's portfolio of companies: vintage by quarter

Q in port	No. cos	Value	Companies
<=2	2	160	ELI WMS, Tripoow
2-4	6	1,659	Kaitiaki, Wonderstore, Coverholder, Moneymour, Diaman Tech, CARDO
4-6	9	1,389	Axieme, MyCreditService, House4crowd, Loud, Laila, AIRCNC, Ncore, Ing Project, Smart Island
6-8	3	819	Centy, Eggup, Macingo
8-10	5	1,499	Spidwit, Withfounders, Task Hunters, Leevia, EDO
10-12	3	476	Bscale, Epic SIM, Diet to Go (sottile srl)
12-14	6	876	Quomi, Foodscovery, Morpheos, Add Communication, Wish List, Volumeet
14-16	1	30,415	Hyperloop TT (jumpstarter)
16-20	3	10,422	Wiki Re, Eclettica Srl, Talent Garden
20-24	5	2,363	DeRev, XoKo (HotelBrand), Buzzoole Holdings, Prestiamoci, Intertwine
>24	9	9,365	Yo Agents, Synapsi, Young, Growishpay, Emotional Target, 4W mkt, Livextension, Sharide, Dig. Bees

Source: Banca Akros on company data

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 stake of 7.78% via its 8.69% stake in Jumpstarter, which in turns owns 89.5% of HTT.

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

Financing rounds: 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. HTT is currently involved in an ongoing financing round with a target post-money valuation of USD 1bn. We understand this is a complex negotiation that could take require a full year 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).

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 was actually lower.

Business Development: 10 agreements with national governments in place. Agreement to build a commercial prototype in Abu Dhabi, construction starting in Q3 2019 in order to deliver in time for the 2020 Expo.

Target Market size and trends. EUR 1.35bn market value for the Hyperloop Technology in 2022, to reach USD 6.3bn in 2026 (Source: Marketsandmarkets, 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.

Valuation. While the accounting value of HTT stake is just EUR 321K implying 2.7% of DM's total book value and the #10 position among the investee companies, HTT is the main asset in DM's portfolio based on the past and ongoing financing rounds.

Our previous two assessments valued HTT's stakes at EUR 17m (Oct 2017) and EUR 27.7m (April 2018) respectively. The latter was based on the implied valuation of a round that was to take place in 2018. Our fresh assessment takes into account the difficulties the operators in the sector have been facing in delivering a working prototype and the still large uncertainties related to the ultimate adoption of this system. Therefore, pending the conclusion of the last round and estimating the cash-burn rate at USD10m per year, we prefer to be more conservative with EUR 22m valuation of DM's stake.

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 9 European countries with 23 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 has sold part of its stake in October 2018 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)

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, last year TAG should have hit the EUR 10m revenue level.

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 business plan is essentially based of four main pillars: a) Fewer but larger campuses: a bigger size will allow it to improve synergies in the work-learn-connect activities; b) Fewer SQM but more revenues: the increase in revenues per SQM is seen improving profitability also for the perimeter already in operation; c) development of the "Education&Event" business, d) Speed: build a strong position as a European player. The last funding round should help TAG accelerate its expansion in Italy and abroad. According to an interview of the CEO to Il Corriere Economia (Mar-2019) TAG is currently focussed on Spain, where it is opening a new campus and is looking at 3 acquisitions, and more in general it intends to open "20 new spaces in Europe".

Targets: based on the above, Mr Dattoli said he expects to achieve EUR 24m revenues in 2019, of which half abroad.

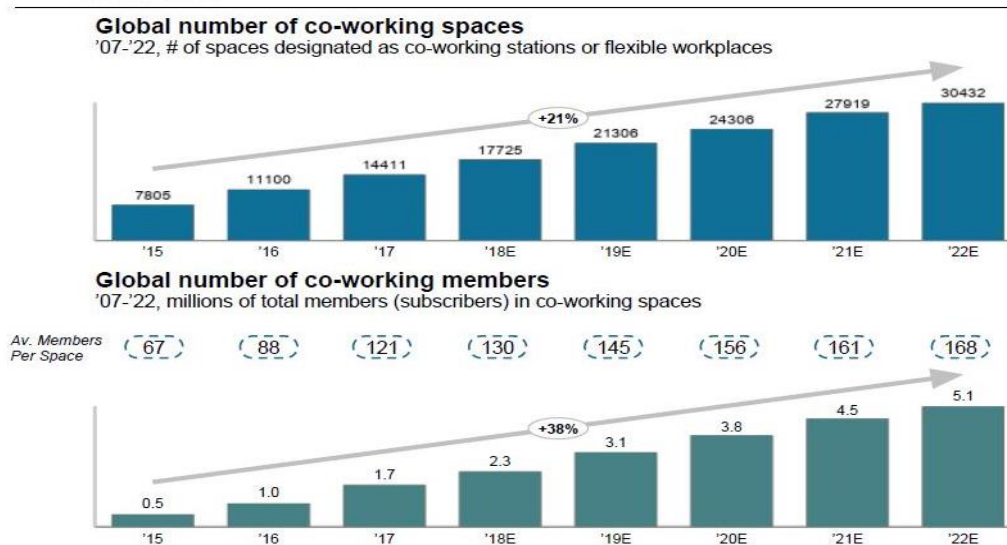
Talent Garden highlights

	2015	2016	2017	2018	2019e
Revenues	1.4	4.3	8.7	10	24
Locations (Countries/Cities/campuses)	4/14/14	5/15/14	6/16/17	8/18/23	10/22/30
"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 25bn in 2017. The 20%-plus growth rate characterizing the past few years is expected to persist until 2022. This trend is supported by the fast spread 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.

Working Spaces evolution on a global basis



Source: Emergent research 2018, Instant Group 2017, Savillis research 2017, U-Start Primary Research Sept 2017

Competition and peers. The market is rather fragmented given the low entry barriers; in the USA, 93% of the flexible workspace is provided by Indian operators, while in the UK the 6 main players account for just 12% of the market.

On a global basis, the main players are:

WeWork (USA) is the largest operator in this space, with USD 1.82bn revenues in 2018, 250K members and 500 locations. The company has collected total funds for USD 12.8bn so far in 14 rounds. SoftBank and its affiliated "Vision fund" have invested a total of around USD 10.4bn in WeWork so far including USD4.4bn in 2017 and USD 6bn in 2018 and 2019. The company reached as high as USD 47bn valuation last January but the last round in Q1 2019 saw Softbank reducing its commitment to USD 2bn from up to USD 16bn originally, and cutting its estimated value for the company. The latter, which is also the basis for a potential IPO this year, is reportedly at around USD 20bn.

UR Work (China). The sector is growing very quickly also in the APAC region: in China two big local players, UR Work and New Space, merged in 2017 at a USD 2bn valuation, coupling the merger with a USD 400m capital injection from Sequoia VC and some Chinese investors to further boost growth and globally compete with WeWork.

In Europe, big regulatory and business related differences led to the birth of several mid/small-sized companies and initiatives with a more local focus. StationF, the French co-working space launched was Paris by the entrepreneur Xavier Niel with a public/private total investment of c. EUR 250m. In June 2017, Blackstone acquired The Office Group in the UK (GBP 53, revenues in 2015) for above GBP 500m consideration. Mindspace (23 locations) an Israeli-born operator considered a key competitor to TAG in Europe, received USD 35m funding to develop its business also in the US.

In Italy, which is still the core market for the company, the competitive environment includes both mid/big-sized players like Copernico, Impact Hub or Regus and several local co-working (i.e. 311 Verona, Cesena Lab, Le Serre), in some cases held directly inside certain accelerators (i.e. TIM #Wcap, H-Farm). However, we believe that few Italian alternatives can be really compared to TAG in terms of a fully integrated offering for start-ups.

Valuation. The book value of EUR 424K reflecting the original acquisition price 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. In our previous assessment (April 2018) we valued TAG 100% at EUR 54m and DM's 18.8% stake just above EUR 10m. We now take a conservative value at EUR 8m on the residual stake.

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 5.96% of the company, with a book value of EUR 338K (Dec 2018).

Other investors: The founders currently own 29.3% of the company, StarTIP is the second largest shareholder with 16.8% of the capital, Vertis owns 10.6% and R301 Capital 9.7%.

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. The last round of 2018 collected EUR 7.8 with a valuation of EUR 18.8m.

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. Buzzoole said it has above 850 clients spending on avg EUR 40K each, while content creators “influencers” involved exceed 260K (Nov 2018 S24 Ore interview w/CEO).

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.

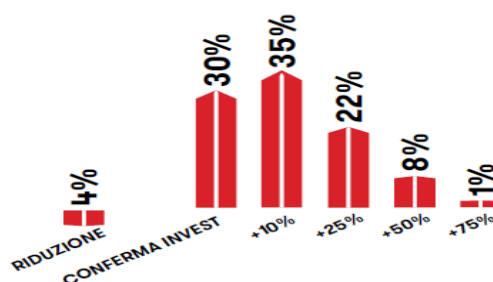
Results. Buzzoole’s revenues grew by 66% Y/Y in FY 2018 to EUR 7.1m, with a gross margin (taking out the fees paid to influencers) of 60%.

Business Development. The company already employs 70 people and has expanded its presence from Naples (where it was founded in 2013) to Milan and Rome and then in London and the US. The growth drivers include the development of existing markets, expansion in EMEA and in the USA. Buzzoole already generates 75% of revenues abroad.

The market. Influencers marketing has recorded c. 90x growth over the past three years thanks to its capacity to generate/increase brand awareness. The global market size was estimated at c. USD 1bn in 2018 and it should reach USD 10bn in 2020. In Italy, the market has not been quantitatively measured so far, we note the creation a new observatory last April (ONIM) that from the interview of 400 operators provided some KPIs in terms of a) adoption (67% of clients realized 1 to 3 projects last year), b) vertical (17.6% fashion, 17.6% food/beverage, 12% travel), c) used platform (80% Insta, 37% FB), d) activities (21.6% product placement, 19.6% content promotion, 19.1% product launch, 16.2% events).

The market report recently issued by IED & AKQA, finds similar conclusion in terms of adoption with 64% of companies adopting IM in 2018, (80% among multinationals, 57% among SMEs and 50% among start-ups). The budget distribution includes 21% above EUR 50K, 38% between EUR 10/50K and 36% between EUR 1/10K. Importantly, IM represents an “ongoing” activity (against a “one-shot” one) for 59% of the interviewed companies (70% among start-ups). It is also noted that the companies dedicating the highest budget (>EUR 50K) are mainly involved (90%) in continuative IM projects.

Influencer marketing in Italy: distribution of budget change in 2019



Source: AKQA, IED

Competition. Highly competitive sector in the sector with the presence of different kind of operators offering their services in this specific segment. Clients often use (29% in Italy) their existing digital/social or digital PR agency. In the influencer arena, we note the presence of several global players including TapFusion (TapInfluence), Speakr, Traackr, Revfluence, NeoReach or Webfluential.

Influencer marketing in Italy: market share by type



Source: AKQA, IED

Peers/Recent Corporate Action

IZEA is a US public company listed on the Nasdaq, which defines itself as “the premier online marketplace connecting brands and publishers with influential content creator”. IZEA is moving its business model from the provision of managed services to agencies and brands to SaaS Services in the future, which includes both software licensing and fees from marketplace spend. IZEA bought the competitor TapInfluence (USD 18m billing, USD 6m revenues in FY 2017) in July 2018 for a total of USD 7.1m in cash & stock. We understand that the latter had received a total funding of USD 22m to that date. In turn, IZEA has just completed (May 2019) a USD 10m new public offering to funds its growth strategy.

Buzzoole Peer: IZEA

Target	Country		Sales		EBITDA		Market	EV/Sales
	Tick	Cur	201	2019	2018	2019e	Cap	2019
IZEA	IZE	USA/USD	20.1	24.6	-2.5	-0.6	116.6	0.7

Source: Bloomberg

Business risks in the mid-term include a) stricter regulation. In April 2017, the US FTC targeted several Instagram influencers, requiring them disclosure over paid promotions. In the UK, the Advertising Standards Authority (ASA) also launched a review of this market last year. In Italy, the Antitrust Authorities sent official communication to the most famous influencer requiring transparency and disclosure in their posts. b) potential increasing pay-out required by influencers (we note that Buzzoole currently pays influencers with Amazon coupons while other players pay in cash) c) trust of the channel, in presence of a huge number of fake “followers” sold by unscrupulous agencies.

Valuation. Based on the last financing round, Buzzoole would be valued at EUR 970K, 185% above the book value and implying 2.7x the revenues of FY 2018. Based on the assumption of around EUR 10m revenues this year and a fair trailing EV/Sales of 2x, we adopt a slightly higher valuation for DM's 6% (EUR 1.15/1.20m).

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. DM is the main shareholder of the company with 32% stake (from 43% since April 2015) worth EUR 1.36m at book value at Dec 2018. Such book value 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 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%.

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.

Business Model. The company operates its own technological platform to manage both publisher acquisitions and the adv campaign management. The business model includes the sale of advertising space both under reservation (direct campaign) or programmatic (42% of sales) agreements with a revenue share mechanism based on a 40/70% rebate for publishers on the revenues booked by 4W. The pricing model is CPM/CPC based.

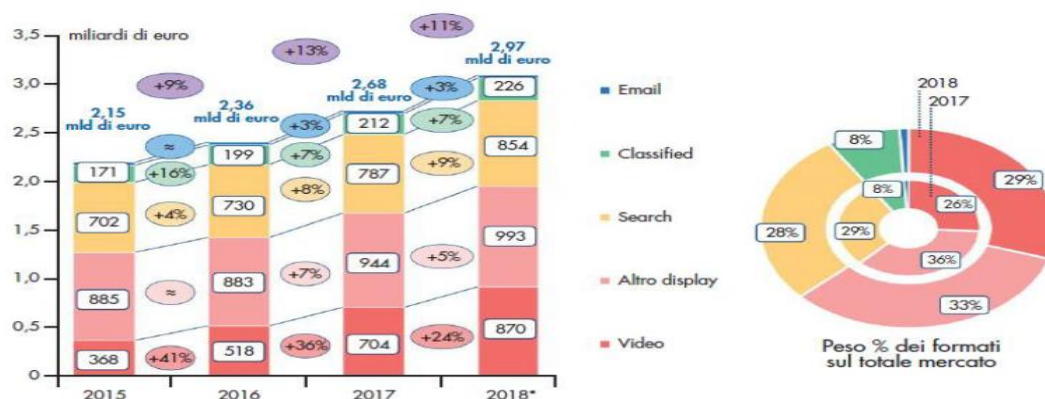
Product development. The company is currently working on new (AI-powered) algorithms of yield management to optimize the inventory on the publisher's side and to help advertisers better manager their campaigns. New native format optimized for mobile.

Results. 4W revenues are seen flattish in the region of EUR 7m since 2016 (in that year it had an EBITDA margin of around 10% and EU 41K net income). The net financial position was positive for EUR 2.1 at the end of 2017 (EUR 1.4m as per December 31, 2016).

Business Development. The management is looking to a combination of internal and external growth strategy, coupling new in-house developed solutions with possible software acquisitions (i.e. ProAdv-Simply acquisition from Register.it).

The market. 4W is focussed on the Italian market which still offers interesting opportunities. The digital advertising segment grew by 11% in 2018 to around EUR 2.97bn (source: Politecnico di Milano), accounting for around 34% of the total EUR 8.7bn ad market.

Italian Internet Advertising



Source: IAB/Politecnico of Milan

OTT players definitely dominate the market with 75% share. **Programmatic**, introduced in 2012, in six years reached 16% of total digital at EUR 482m (+17.8% Y/Y). 4W is focussed on the segment of Native (EUR 50m in 2018, +30% Y/Y), video (EUR 870m, +2.4%) and Display (EUR 993m, +5%).

In spite of this positive trend, Italy is still behind most European countries in terms of investment per capita and just meets the average growth rate, so that further solid growth is expected. **According to PWC, digital is going to increase by further a compounded rate of 9.3% in 2018/2022.**

Competition. 4W claims to be apart from the OTTs Google FB and Amazon, the only Italian network with a comprehensive offer including the main products of digital advertising namely Native, Video and Display. The market of native advertising is characterized by the presence of large, global players which are also leaders in Italy,

- Outbrain. Founded in 2006, headquartered in NY, offices in 15 cities worldwide,
- Taboola. Founded in Israel in 2007, HQ in NY, 1b monthly unique users globally, estimated revenues of USD 1bn in FY 2018)
- Ligatus. A German player controlled by Bertelsmann also operating in France, Spain, Italy, and the Benelux, 37bn ad impressions per month).

Critical mass is crucial and indeed in April 2019 Outbrain completed the acquisition of Ligatus for an undisclosed amount in a stock deal.

In the market of video and display, competitors include

- Teads. The leading global video ad marketplace, 1.2bn billion unique visitors per month. Teads generated EUR 188m revenues in 2016 and was acquired by Altice in March 2017 for EUR 285m.
- Smartclip. a multi-screen and brand advertising company that distributes video ad formats across all devices and platform. The company was acquired by RTL in march 2016. RTL also acquired the video ad serving platform Spotx between July 2016 (65% for USD 144m) and in August 2017, the UK-based server-side ad insertion (SSAI) solutions provider Yospace in January 2019.
- Viralize is digital video advertising based on artificial intelligence. The estimated FY 2018 results include EUR 14.5m revenues (EUR 6.7 in FY 2017) and EUR 2.6m EBITDA. The company was acquired by Vetrya in January 2019 (50% cash upfront) for a total consideration of between EUR 10m/15.95m based on future EBITDA multiple of 5.5x.
- 4Stroke is another Italian media technology company managing 13m unique visitors per month and 400m impressions. 4Stroke was acquired by Sky in May 2018 for an undisclosed amount.

Valuation. We believe the exit strategy should involve a trade buyer be it another larger (domestic or international) advertising operator or a traditional media group. We reduce our valuation of DM's stake from EUR 2.9m to EUR 2.6m in presence of tougher market and taking into account the above market transactions.

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 main shareholder of the company with 12.53% stake (down from 16.8% at the end of 2017) worth EUR 297K at book value at Dec 2018.

Other investors: The founders are still among the shareholders but with a minority stake (16.3%), 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% and 10.35% (the avg yield of the portfolio was 5.0% in FY 2018) 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% fee on loans issued, whilst the mandatory account on the platform and/or the secondary market are free of charges. The company invests along with its clients.

Results. The revenues are still modest but growing very fast (+73%), the loans' stock is up by 42% in 6m and by 182% on a 12m basis. Customers increased by 37% so the average loan values is increasing.

Prestiamoci KPIs and results (EUR K)

	2016	2017	2018	target
Revenues (EUR K)	65	353	610	3,000
Loans provided (cum., EUR m)	5e	5.1 (10)	8.1 (17.3)	36
Number of clients, EoP	na	2,075	2,840	na

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")

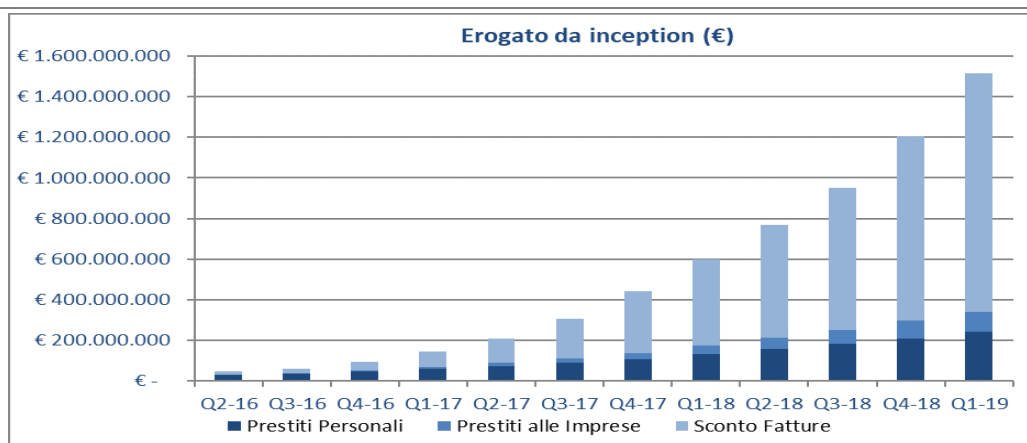
According to Allied Market Research (2017) and Total Market Research, the global Peer to Peer lending market should grow by around 50% CAGR from 2016 at a to 2024, to a total of USD 900bn in loans worldwide.

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)

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 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 Q1 2019 it reached EUR 34.9m (+41% Y/Y). 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 3m on a monthly basis, b) obtain 70% financing from institutional investors; c) offer 5.5% avg yield to investors.

Italian P2P lending market Q2 2016/Q1 2019



Source: P2P Lending Italia

Competition. We estimate Prestiamoci had a market share of around 8% in the personal loan segment. The main licensed in Italy, as measured by P2P lending Italia, include 1) Younited Credit, a French start-up backed by Eurazeo, Crédit Mutuel Arkéa, AG2R La Mondiale which has received EUR 103m funding until Sept 2017 (the last EUR 40m round) and is active in 5 countries including Spain, Germany and Austria. Launched in March 2016, it originated EUR 100m until May 2018. Soisy, which closed a EUR 1.25m financing round last December, has refocused its business model towards direct financing of retail purchases on behalf of shops owners or e-commerce operators. Smartika, collected EUR 4.5m mainly from Hamilton VC in 2016, and since July 2018 is part of Gruppo Sella. Other international players compete in different segment (eg Lendix in the business loan) or are not yet present in our market such as the global leader Lending Club, Funding Circle (business loans), Prosper and Upstart. We believe that the regulatory requirements represent the main entry barrier for the Italian market.

For comparison's sake we present below the main financials of some listed companies in the US and the UK; Prosper was the first peer lender in the US in 2005 but has only recently feed for IPO. The last USD 50m funding round in September 2017 valued the company USD 550m.

P2P lending (corporates and personal): main global peers

	Country	Mtkt Cap	Revenues			EBITDA	
	/Cur	Local cur, m	New loans 2018	2018e	2019e	2018	2019e
LendingClub	US/USD	1,361	10.9bn (+21%)	695	765/795	97.6	115/135
Funding Circle	UK/GBP	846	2.29bn (+40%)	142	>200	(25.1)	(27)
Prosper	USA/USD	Pending IPO	2.84bn	104	na	9.4	na

Source: Bloomberg, I/B/E/S, Banca Akros estimates

Business risk. The main risk for P2P lending is related to increasing default rates or lower interest rates can affect the number of potential investors). The regulatory scrutiny (in Italy operators have to receive approval from the Bank of Italy) help to keep the environment free from scams and fraudulent practices.

Valuation. The last round of financing implies EUR 6.1m post-money or EUR 2.37m value for DM' stake. Assuming revenues reaching EUR 3m, and based on EV/Sales ratio of 2x as the average of the players above, we take for good the latter value. We note that the above player have been characterized in the not-so-distant past by much more generous valuations, with LC down by 88% from its peak (Dec 2014), FC by 45% (Sept 2018).

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 November 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.

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.

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.

Market. According to the Statistical Data Warehouse ECB, March 2019, total loans to corporate clients were EUR 789m in Italy (from EUR 825m two years earlier). Over the next few years the banking sector is believed to face increasing pressure from alternative fund raising platforms and fin-tech initiatives. In 2017, according to Minibond Markets Trends, ExtraMot Pro market has been characterized by 300 minibond issues, for a total amount of EUR 14bn, with a strong performance of minibonds below EUR 50m in face value.

Targets a) Become the Italian FinTech player of reference for the capital market, alternative to the banking channel. b) Promote the participation of multiple investors in each operation, creating a secondary market. c) Achieve a market share of 5% of the medium and long term finance from non-bank channels. The latter market is expected to EUR 3.6bn of volumes traded on the basis of the hypotheses of gradual reduction of the dependence on bank financing sources, from the current 92% to around 70% (in line with the UK market). According to an interview with Industria Italiana, the goal was to reach EUR 100m funding from EUR 25m as per mid-2018 taking into account some thirty firms in discussion as potential clients.

Business risks and competition. The reference market is expected to grow fast over the next decade as a direct consequence of banking system disintermediation. EPIC is one of the few European players in this field and by leveraging on the Italian experience they are already providing services in other 7 countries in the EU. Epic is still a start-up but the SIM license from Bank of Italy – necessary to operate in Italy – is a material asset which should defend it from new players, at least in the short term.

Valuation. Very early stage of the business with still tin 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 18.9m taking into account the positive revenue development of last year.

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 Ing Project in 2017 and converted its participative financial instruments in 3.65% of the capital in early 2018. The book value is around EUR 55K.

Other investors: The founders and employees control 60% of the company.

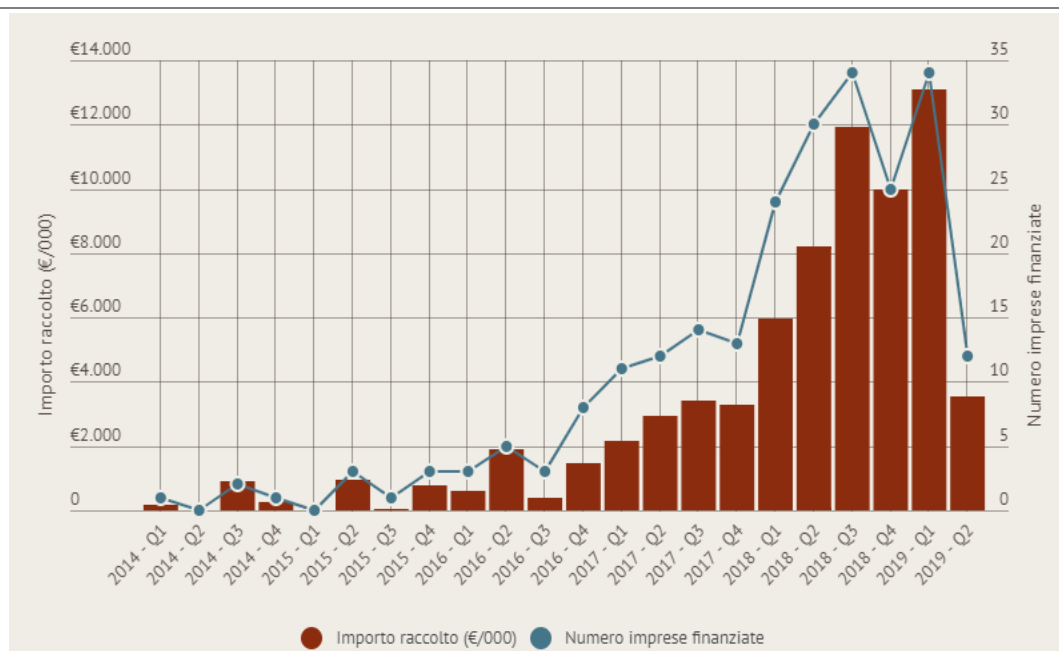
Financing rounds. In 2017, Ing Project concluded a financing round of EUR 300K valuing the company EUR 1.25m. The company is currently engaged in a new EUR 1m round with a post-money target valuation of EUR 4m.

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. 200 Crowds collected a total of EUR 5.1m in 2018, from EUR 2m the previous year. The revenues were just EUR 100K (EUR 21.7K in 2017). The company made a total of 21 campaigns with a success rate of above 90%. As at March 31, 2019, the users of the platforms were 6,500 (vs. 3.6K a year before), the active investors 600 (300).

Market. The equity crowdfunding market in Italy is still small and booming, with 206% growth in FY 2018 (EUR 36m, out of total EUR 81m since the market started in 2014). In Q1 2019, the market hit a new record with EUR 13.5m collection for 35 companies, including 5 campaigns over 1m value and 2 above 2m.

Italian equity crowdfunding market by quarter 2014/2019

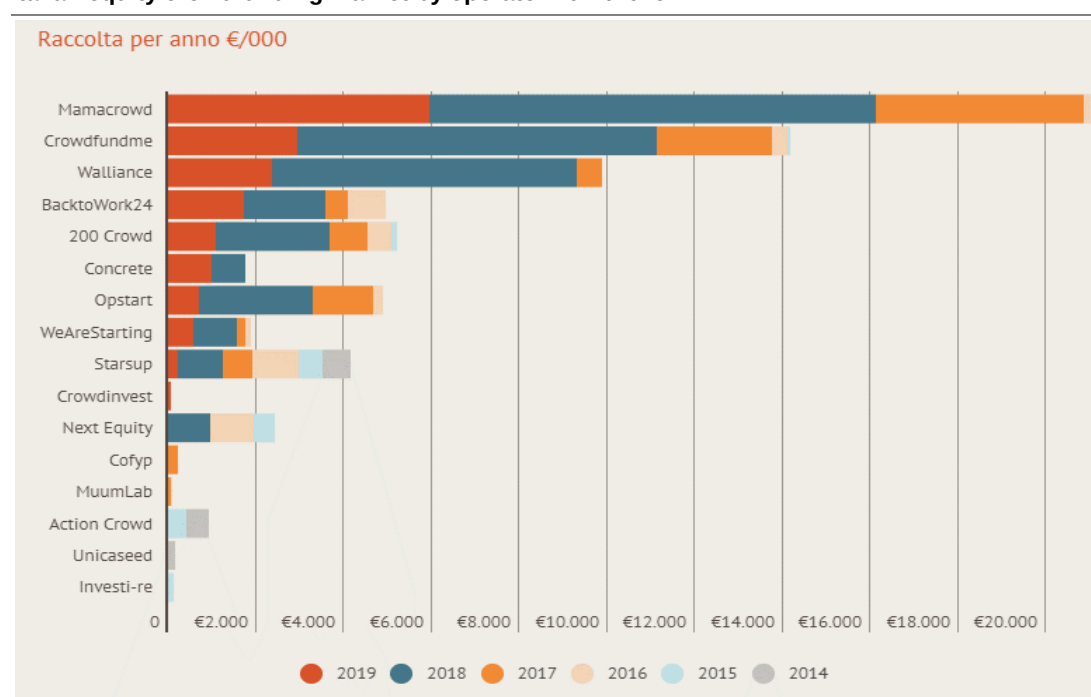


Source: <http://www.crowdfundingbuzz.it>

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 (9,500 investors, 114 start-up financed, in 2018, +100% Y/Y) with the entry of several local players such as Mamacrowd, CrowdFundMe, StarsUp, OpStart or WeareStarting. As at Nov-2018, the market counted 32 digital platforms (Source: Politecnico of Milano) which since inception have cumulated 373 offers (with an average success rate of 71.6%). The main 4 platforms account for 70% of the market, including a real estate crowdfunding platform (Walliance), while 200 Crowd is in fifth position.

Italian equity crowdfunding market by operator 2014/2019



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

Peers. We note the recent floatation of the Italian peer CrowdFundMe, which raised EUR 2.8m on the AIM market in March 2019 with the placement of 30% of its capital. At the current market cap of EUR 12m (vs. EUR 2m net cash position) it is currently valued 30x FY 2018 revenues, implying a quick multiplication of turnover.

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 take the average between the implied valuation from the last funding round and the current book value, hence EUR 100K.

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.

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 850K. The last financing round in October 2017 collected EUR 650K implying EUR 2m post-money valuation. A new round is ongoing in 2019, involving a convertible note of EUR 1m.

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 sizes (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 a Customer Life Time Value (CLV) of EUR 103, which compares with a Customer Acquisition Cost (CAC) of EUR 43.

Business Development. The target is to gain a critical mass in customer number, (we understand the company had a target of 10K from 2.5K at the end of 2018) becoming the segment leader in Italy.

Market. The domestic market for on-line meal kit delivery is estimated be worth EUR 300m, which is a very modest fraction of the EUR 128bn traditional food retail. The business started in Europe in 2007 and by 2015 it was worth EUR 1bn worldwide (40% in the US). Market estimates point to EUR 3/5bn at a global level by 2022.

Competition. The market seems in general quite competitive, with >150 meal kit companies in the US alone. The American leader Blue Apron lost in 2018 a quarter of its clients and is still incurring in EBITDA loss, likewise the European giant HelloFresh (still growing in revenues). Competition is coming not only from pure-plays or start-up but also from traditional groceries, which are adding on-line offers or buying meal-kit operators. Alberton (second-largest grocery chain in the US) bought Plated in September 2017 for up to USD 200m, Kroger acquired Home Chef (USD 250m revenues, third largest US player) in March 2018 for USD 200m. On-line giants are also looking at this space, the crucial deal is the 2017 USD 13.7bn acquisition of Whole Foods by Amazon announced in June 2017. In the Italian market we identify competitors such as MyCookingBox, Second Chef and Fanceat (gourmet menu)

Valuation. The implied valuation of DM's take from the last round of financing is EUR 141K. We take a more conservative view (EUR 110/130K range) taking into account the significant deflation of the largest meal-kit operators (Blue Apron lost c 90% from its peak).

P2P lending (corporates and personal): main global peers

	country	Dec 2018	Revenues		EBITDA		Mkt	EV/Sales
	/Cur	Customers	2018e	2019e	2018	2019e	cap	2019e
Blue Apron	USA/USD	557K (-25%)	668	539	(61.4)	14	136	0.24x
Hello Fresh	Ger/EUR	950K (+70%)	1,279	1,600*	(54)	(25)	1,510	0.9x

Source: Bloomberg, I/B/E/S, Banca Akros estimates,

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 not negligible at EUR 1.09m (second largest in the portfolio) for a 37.3% stake.

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 EUR 1.29m, including 500K in the first round in 2014, EUR 400K in 2017 and further EUR 410K last year. GP is currently involved in a new EUR 1m round of financing, for an implied pre-money valuation of EUR 4.25m. Part of the round was carried out on the 200 Crowd platform, raising EUR 600K against the initial target of EUR 150K

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 above 1,000 merchants.

Business Development. GP has developed a social payment system which is suitable for several use cases including travels, wedding registries, purchase groups and sharing economy. The company is ready to launch a new project “Scuola Pay” (September 2019) dedicated to the school market in partnership with SisalPay and with the school supply group Spaggiari. Another crucial milestone will be the expansion abroad in the B2B2C segment (planned for the year 2020).

Targets: the company aims at EUR 120m transaction value with 175K users through ScuolaPay by the year 2021/22. GP aims to reach EBITDA break-even in 2020, surpassing EUR 1m on above EUR 3m revenues in 2022.

Market. The specific social payment market in Europe is estimated to be already worth EUR 100bn. In Italy, according to the Mobile Payment Observatory of Politecnico of Milan, the Digital payment market was worth EUR 46bn, and could reach some EUR 100bn in 2020 (30% CAGR). The potential market in the school vertical is also very interesting with 2.8bn spent every year by 6.2m parents for all the related activities.

Competition. Social payment represent another angle of the FinTech industry which has generated a series of start-ups but has obviously attracted the interest of traditional banks, credit card operators and innovative financial players (Stripe, Paypal with Venmo) and internet giants with products such as Google Wallet, Snapcash, Amazon Pay and Apple Pay. Facebook also offers social payment features in its messenger service.

We believe the choice to focus on specific verticals and use cases is very sensible from TP helping to carve-out a better niche market and build a differentiation vs. its peers.

Valuation. We adopt the most recent financing round as a benchmark with a pre-money valuation of EUR 4.25m (EUR 1.58m for DM). We are positive on this story taking into account the success of the crowdfunding portion, the business model evolution and the specific targets provided.

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. DM has a 3.64% stake worth EUR 59.2k at book value at Dec 2018.

Other investors: The company founders still control most of the capital of Macingo (83.8%); other investors are Mear (a multi-region dealer of CNH) with 8.9% and Factory Accademia (a Sicily-based incubator, partner of DM) with 3.64%.

Financing rounds. A financing round of EUR 1.0m is currently ongoing; the pre-money valuation stands at ~EUR 4m.

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 very high rate (+87% Y/Y in 2018, +89% in 2017), as well as transport turnover generated. In 2018, Macingo recorded 132.000 requests, with an average conversion rate of 8.0% (7.5% in 2017).

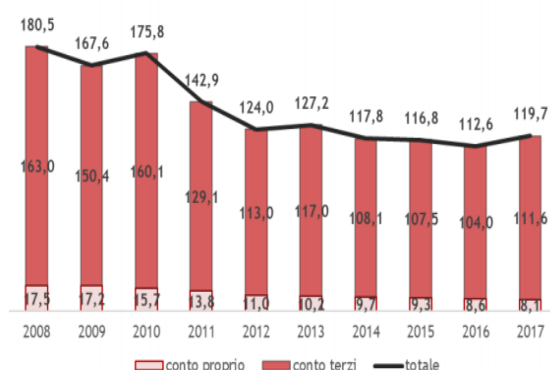
Macingo KPIs and results (EUR K)

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

Source: Digital Magics, Company Data

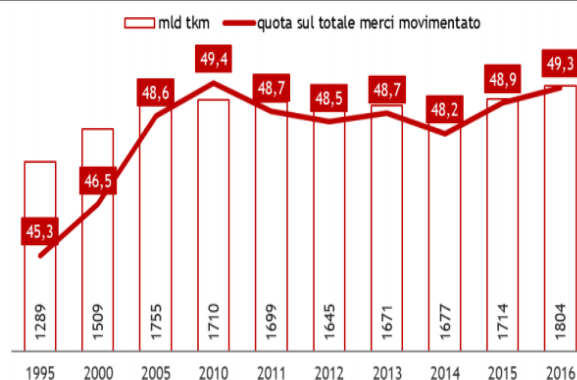
Market. the Italian road transport market is worth about EUR 8bn with about 113K carriers, 80% of which are both owners and drivers (padroncini). According to ISTAT, the graph below shows that after a steep decline (-31%) between 2008/2012, the market has stabilized in the region of 120bn t-km (+6.3% 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 2018*) also reports a weak recovering path, with a slow-down of carriers' revenue growth (+2.8% Y/Y, which compares with +5.9% in 2017).

At European level, (*Anfia February 2019 Dossier*), road transport consolidates its position in terrestrial transportation (73% in 2016, vs. 67% in 1995); among the most dynamic markets in 2017, we note Poland (+15.4% Y/Y), France (+7.6%), Spain (+6.5%), and Italy (+6.3%).

Targets. Macingo aims to consolidate its niche in Italy and to add the B2B platform. It also plans entering foreign markets, namely France and Spain. The industrial plan as disclosed in an interview with Industria Italiana points to transports increasing from ~10K in 2018 to 50K by 2020 generating EUR 20m turnover with carriers and revenues of EUR 7m.

Competition. We have identified among competitors operating in Italy:

- a) Anyvan, a UK-based operator founded in 2009, aggregates over 5K carriers, and has been processing ~5m requests over its 9-year activity; it signed a partnership with eBay in 2012.
- b) Transportonline, an online service offered by Pubbliconsult Multimedia (a publisher specialized in freight transport information),
- c) spedingo.com, realized by Eurocubia srl in 2012 and acquired by Mail Boxes Etc. in 2017.

At global level, many relevant players are showing a growing interest on the opportunities offered by the online transportation platform; we note the following deals:

- d) UShip, an online marketplace based in Austin, Texas, in which DB Schenker took a USD 25m stake, during the last capital round (2017);
- e) Coyote Logistics, acquired by UPS for USD 1.8bn in 2015;
- f) Freightquote.com, acquired by C.H. Robinson Worldwide, the largest trucking freight broker by revenue, for USD 365m.

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

Business risk. Main risks are linked to the pro-cyclical characteristics of the freight transportation market; the threat represented by substitutes appears negligible, taking into account the strong trend of road transport at European level.

Valuation. Based on the 2018/2020 revenue estimates the above trade deals, and the post-money valuation we value DMs stake EUR 0.2m.

LiveXtension

Profile. LiveXtension (LX) is a marketing communications agency, focused on the digital medium, with a particular specialization in 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). 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%.

Results. In FY 2018, LX generated EUR 2.2m revenues, +14% Y/Y, with an operating income of EUR 53K (-93K in FY 2017).

Valuation. We believe the fair value of this kind of business lies between 1.5/2x times on current revenues, hence, we value DMs stake at EUR 2.8m.

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, representatives, 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 by YA.

Investment. YA entered in DM's portfolio in 2013. DM invested further EUR 122K in the company last year and as at December 2018, it owned 60.72% of YA shares, at a book value of EUR 0.99m.

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

Financing rounds. The last round took place in January 2019, on the 200 Crowd platform, collecting EUR 160K on a post-money valuation of EUR 2.78m.

Business Model. YoAgents applies the “Uber model” to agent networks; it directly cashes-in by 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. The company is in its very early stage of its commercial development, according to its website, it currently manages 1,050 conventions for 50 partners, involving 1,860 “ambassadors” (agents). We estimate the actual revenue base will be below EUR 0.5m in FY 2019 (likely to be just above EUR 100K last year).

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 1.8m for 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. DM owns a 22.5% stake, worth EUR 55.8K at book value at Dec 2018.

Other investors. Founders still controls 67.5% of the company's capital.

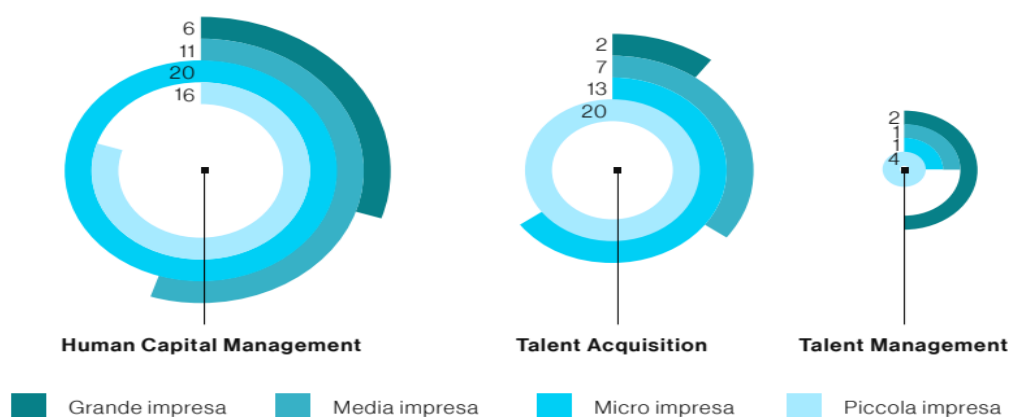
Financing rounds. On November 2018, nCore closed a EUR 400K financing round; the post-money valuation stood at ~EUR 4m.

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. nCore expects to achieve EUR 500K revenues in 2019. By the end of the year, it aims to become the leader of the Italian HRTech market and to go abroad.

Market. According to In-Recruiting and Talent Garden joint research, 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. The taxonomy below also identifies three niches: HCM (Human Capital Management), TA (Talent Acquisition), and TM (Talent Management), and the positioning of operators by dimension (see the following charts).

Italian HR Tech market niches: no. of operators



Source: 2° osservatorio sul mercato HR Tech in Italia, January 2019

At global level, HRTech is one of the fastest-growing sectors: last year, 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 little historical data point to rely on. We take the valuation of the last financing round (EUR 4m for 100%, around EUR 1m for DM stake).

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 chose and update real time its playlist composition and placement features.

Investments. DB is one of the oldest investment of DM (since 2004), which is the main shareholder of with a 78.7% stake, worth EUR 0.79m book value at the end of last year.

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.

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 products 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 is revisiting its business model and launching “special projects” in order to exceed the EUR 1m revenue threshold in FY 2019.

Market. see above the native and video market in the analysis for 4WM.

Valuation. Similarly to LiveXtension, on EV/Sales ratio (1-5/2x) on forward revenues points to a value of EUR 1.5m for DM's stake.

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, in order to optimize their prices and verify their reputation.

Investment. DM owns 13.5% of the capital, worth EUR 132K at book value at Dec 2018.

Other investors. Founders still own 71.3% of the company.

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

Business model. The Hotelbrand platform works as a SaaS tool; new clients have to pay an up-front fee, after that a subscription fee could be paid on a monthly, semi-annually or yearly basis. The main point of strength 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.

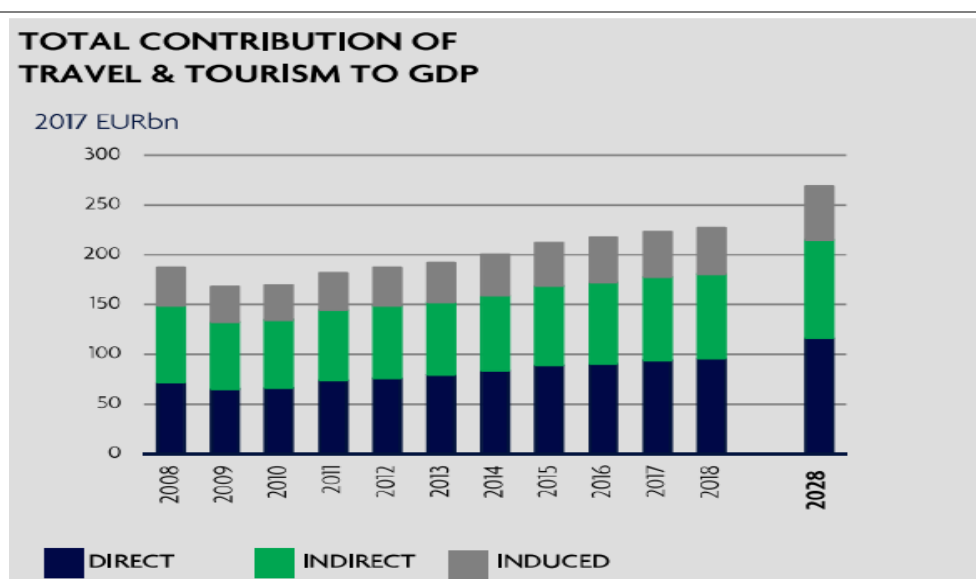
Xoko results

	2015	2016	2017
Revenue (EUR K)	45	125	250
Growth Y/Y	na	178%	100%

Source: DM and Company data

Market. Hotelbrand addresses the “travel & hospitality” segment, whose turnover is on the rise: according to the World Travel and Tourism Council, it accounted for 5.5% of Italian GDP (USD 107bn) in 2017, and is forecast to grow by 1.9% p.a. over the next ten years, reaching a 6.2% contribution to GDP by 2028. In this environment, TravelTech providers can seek a competitive advantage by focusing on Italian travel & hospitality operators.

Total contribution of Travel & tourism to Italian GDP EUR bn



Source: World Travel and Tourism Council, 2018

Intertwine

Profile. Intertwine is a Digital Marcom start-up specialized in Content Marketing. Its platform is a social network where the members of the community can write their own story. It also addresses those firms that aim to get a more engaging interaction with their customers, to renew the traditional unidirectional information flow.

Investment. DM owns a 11.6% stake, worth EUR 195K at book value as at Dec 2018.

Other investors. The company founders still have the majority of the capital with a 51.8% stake; among other investors, we note with 23.1% stake, the holding company Fi.R.A. (Finanziaria Regionale Abruzzese), a mixed public and private-owned vehicle specialized in legal advisory for businesses that participate in European, national, and regional funding.

Financing rounds. With the latest financial round (Dec 2016), the Company collected EUR 1.035m, coming from three different operations: a) a capital increase for EUR 400K, of which EUR 300K subscribed by Fi.R.A.; b) a funding from Smart&StartItalia for EUR 485K (20% of which as free grant); c) a EUR 150K loan from Banco di Napoli.

Business model. Intertwine allows to create both “single” and “collaborative” stories, that is different members of the community can cooperate to write the same story. The Company is focusing on corporate storytelling, designed for firms that want to improve their brand awareness; and on “premium plans” that, on a weekly basis, provide users with advice, customized reports, technical support and sponsorship services.

Results and targets. Intertwine is experiencing high growth rates both in revenues and users, as shown in the table below. The company aims to develop and consolidate its positioning on the Italian market, and to enter foreign markets to become the leading platform in its segment.

Intertwine results and KPIs

	H1 2017	H1 2018	Y/Y
Revenues (EUR K)	50	200	300%
Users (no. K)	10	30	200%
Stories (no. K)	1.8	5.0	179%

Source: Digital Magics

Market and competition. According to IAB (2017), Content & Native Advertising market in Italy is worth EUR 350m (+17% Y/Y), almost doubling the 2014 value (EUR 160m). The most popular advertising project are videos published on the Internet (54%), followed by brand integration (40%), and TV programs production (31%).

Many traditional media operators are interested in content marketing, in order to update and strengthen their business models: for example, publishers, are looking for new ways to reach and captivate readers.

As competitors, we can identify all the platforms and services which allow creators to share their contents; among others, we note YouTube, the Google's video platform, which primarily act as an entertainment service, but is also increasingly used by businesses to improve their brand awareness. YouTube is basically free for the content creator and provides many statistical tools to analyse users' interactions. With its 75% market share and its worldwide success, it represents the toughest competitor in the market of businesses-oriented native advertising.

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 6.75% stake, worth EUR 6.73K at book value at Dec 2018.

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

Financing round. Latest financial round dates back 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. Main results are shown in the table below.

Leevia results and KPIs

	2015	2016	2017
Revenues (EUR k)	35	110	420
Growth Y/Y	na	+213%	+296%
Gross contribution margin on Software / Services		93% /75%	93%/ 75%

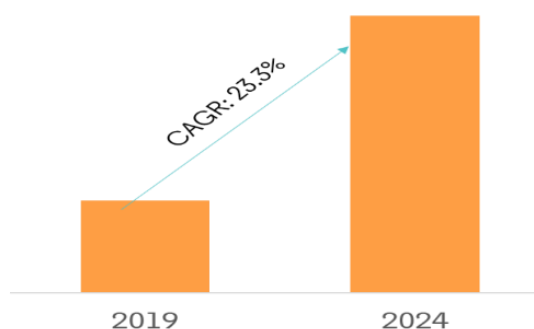
Source: Digital Magics

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.

Market and competition. According to Mordor Intelligence, the Global loyalty management market was worth USD 2.6bn in 2018; the expected value in 2024 is in the region of USD 9.3bn (+23.3% CAGR). B2C companies are increasingly adopting loyalty management solutions, given the mass of business-critical data they generate; this key information allows firms to predict and influence potential customer behavior. Moreover, a key driver is the development of enhanced mobile-oriented programs.

Global loyalty management market (USD bn)

Loyalty Management Market



Source: Mordor Intelligence

Competitors may include lawyers and consultancies that provide legal advice. We are aware only of few online platforms, such as MerlinWizard.

Taskhunters

Profile. Taskhunters is a start-up of e-Commerce Display sector; in particular, it is currently engaged in Events and PR, Operation, Customer Care, Travel and Tourism, and Gig Economy operations. Taskhunters provides firms with a platform where they can hire temporary employees to perform specific tasks. On the other side, university students (the “taskers”) answer a questionnaire and, by adding job experiences on their CV, build an information set: the platform automatically matches the firms’ requests to the most fitting candidates’ offers, according to their skills and experience.

Investment. DM owns 10.5% of capital, worth EUR 67.6K at book value at Dec 2018.

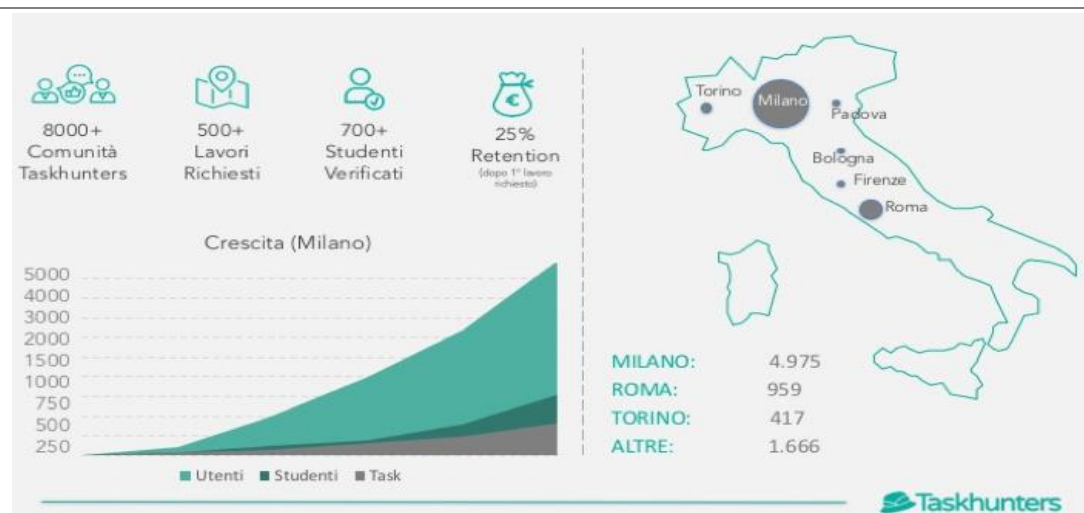
Other investors. Founders still own 72.2% of the company; Itaka srl (currently a digital partner of ItaliaOnLine) has a 4.8% stake and is the main industrial partner of the company.

Financing rounds. Taskhunters closed its latest EUR 200K financing round on March 2017, raising 2.5 times the initial target of EUR 80K; its pre-money valuation was EUR 1.4m.

Business model. Taskhunters was originally created to provide private users with a tool to look for students who could do little everyday tasks in their spare time, from dog-sitting to going shopping for old people; later the company started developing an extension to business world. Students can set their “salary” and negotiate it with the potential employer, who can choose among candidates selected by the platform. When the task is completed, the salary is paid via the platform “Stripe”. Student and employer can both leave reviews on each other, building up their respectively reputation. Taskhunters is rewarded with a 30% transaction fee on every payment; in case of a relevant number of tasks submitted, a subscription plan is required, with a commission to be paid on a monthly basis.

Results and targets. After the positive trial in Milan’s area, in 2017 the app reached Rome, Turin, Padua and Bologna, and has been collecting subscriptions from above 200 firms and 4K students. In the next few years, Taskhunters plans to expand in Italy and Europe (namely London, Lisbon, Madrid, Berlin and Paris) and points to reach 50K users.

Taskhunters: KPIs



Source: Taskhunters

Market and business risk. The Italian temporary employment market is worth about EUR 1.8bn; although the share of temporary employees is slowly but steadily growing (15.1% in 2017 vs. 12.0% in 2009, Source: Eurostat), the market is obviously correlated to the GDP dynamic. Taskhunters is increasing its exposure to this risk, since the introduction of business application will probably relegate the “private segment” to a marginal position; in any case, it addresses a very interesting workers niche, which consists in ~2m students, 40% of which look for a temporary job.

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 at December 31, 2018 DM had an indirect stake of 2.06% stake at via its 35% in the seed accelerator WithFounders.

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 concluded its latest EUR 3.0m round in November 2018.

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. In 2018 revenues reached EUR 10m, with nearly 1 million products sold.

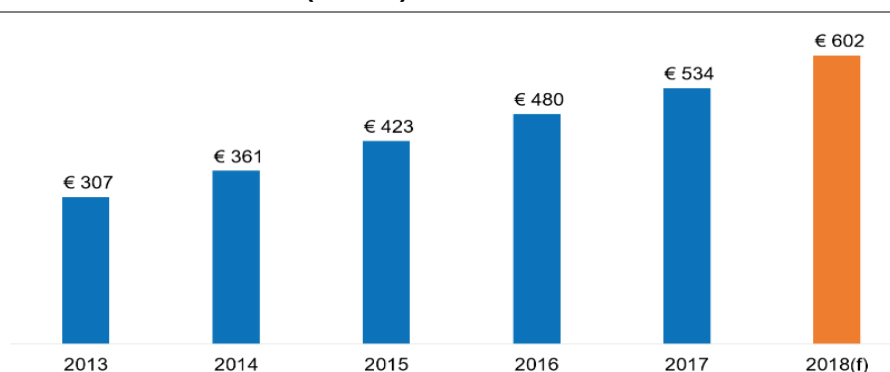
Brandon Group results

	H1 2017	FY 2017	H1 2018	FY 2018
Revenues (EUR m)	1.5	4.9	4.6	10.0

Source: Digital Magics

The market. According to Ecommerce Europe 2018, the European B2C e-Commerce market was worth EUR 600bn in 2018 (+13% Y/Y, 14% 2013/18 CAGR). Western Europe represents two thirds of overall turnover, with UK the largest market (EUR 178bn, +8.3%), followed by France (EUR 93bn, +14.3% Y/Y) and Germany (EUR 93bn, +9.5%). Southern and Eastern Europe areas are experiencing the highest growth rates. Italy still represents a modest share (less than 4%), but is among the most dynamic ones (+17% Y/Y).

European B2C eCommerce market (EUR bn)



Source: ISTAT

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 Company 2020 plan, revenue is expected to reach EUR 50m, through organic growth, M&A and a new financing round.

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 3.2m or 1x the FY 2018 revenue base (in line with our previous assessment).

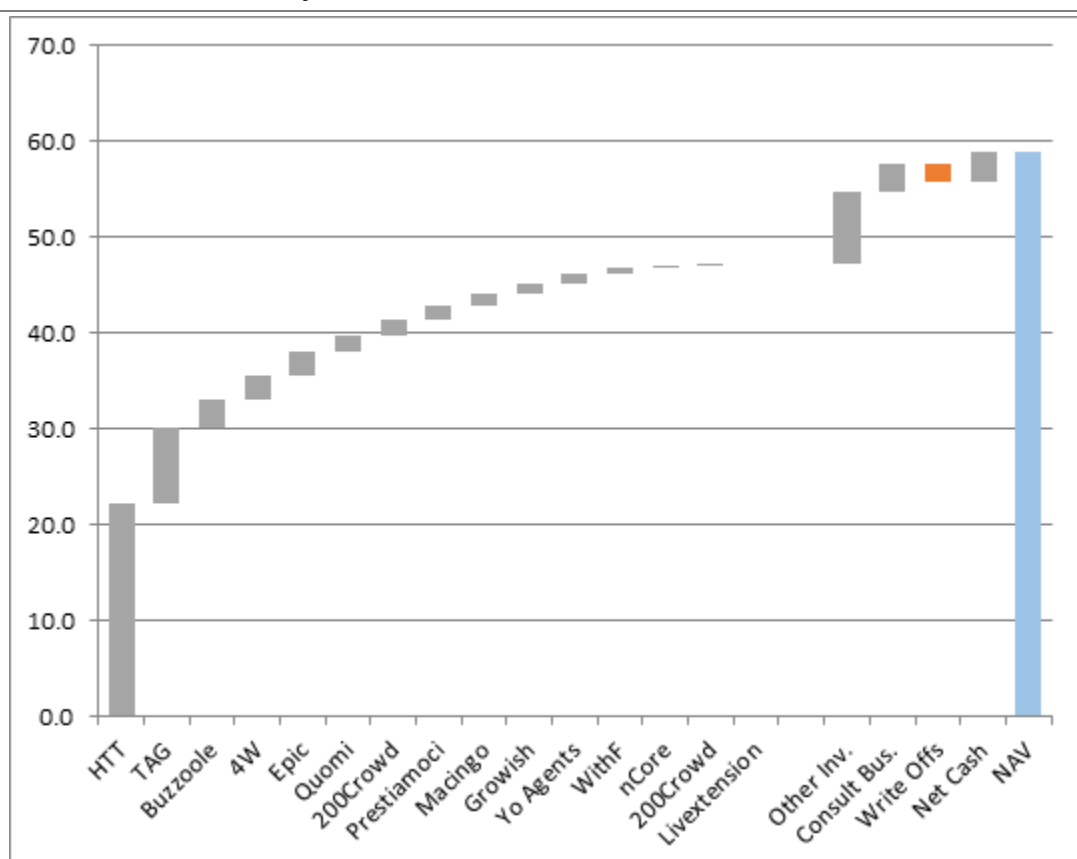
We reiterate, as a risk factor, that the company operates in a sector where defaults or devaluations are possible / probable and that a significant portion of our valuation still depends on HTT's success. However, compared to previous assessment, the contribution to total value is down from EUR 3.2/sh to EUR 2.7/sh on a fully diluted basis.

Digital Magics valuation

SotP Valuation	EUR m	/sh actual	/sh fully diluted
Portfolio Gross Asset Value	54.7	7.4	6.6
Consultancy business	3.0	0.4	0.4
Write Offs	-1.9	-0.3	-0.2
Net Cash (Debt)	3.0	0.4	1.1
NAV	58.8	7.9	7.8

Source: Company data

DM: SotP valuation detail by investment



Source: Banca Akros estimates

Appendix – top executives profile

As usual, in the valuation of a closed fund in private markets a screening of the competences and track record of the founders & top management is a key due diligence requirement. Here below investors can find a short summary of executives' track records and skills.

Alberto Fioravanti (currently Chairman and Chief Technology Officer) founded Inferentia in 1988 with Enrico Gasperini. In the 90s the company became the first new media agency in Italy focused on online marketing. In 2000, Inferentia went public, being listed on the New Market segment of Borsa Italiana. Soon after the company changed its name to Fullsix (the company is still listed). In 2003, Mr Fioravanti founded – along with Enrico Gasperini, Gabriele Ronchini and Gabriele Gresta – Digital Magics and was Executive Director. As a start-upper he established: i) the Premium Store (developer and publisher of Edicola Italiana, the online newsstand for Italy's premium publishers); ii) 4w MarketPlace (2008) (online adv), which closed in April 2015 with a EUR 2.1m capital increase from Dada Group, valuing the entire company c. EUR 8m. On November 30th 2015, he was appointed Executive Chairman of Digital Magics.

Marco Gay (currently CEO) began his business career at Proma Spa. As a start-upper, Mr Gay co-founded Webworking, a webagency (2000) and acquired Ottovolante (2007), a company specialised in Digital Project for the pharmaceutical sector and became the CEO of the company. From May 2014 to May 2017 he was the President of the Young Entrepreneurs of *Confindustria* and Vice President of *Confindustria*. From May 2016 he is board member in LUISS Guido Carli, and from June 2018 he is board member of Il Sole 24 Ore. On 30th November 2015, he was appointed Deputy Chairman of Digital Magics and in April 2018 he was appointed as President of ANITEC-ASSINFORM.

Alessandro Malacart (currently CFO) held C-level positions and has been a director of several listed companies in the technology sector since the 90s, like AISoftw@re (now Exprivia) and Inferentia (now FullSix). He was in charge of the listing for AISoftw@re, Inferentia and Digital Magics. Since 2012 he has been a director on the Board of Digital Magics, being the co-CEO. On November 30th 2015, he was appointed Managing Director of Digital Magics for Corporate & Finance.

Layla Pavone (currently Chief Innovation Marketing and Communication Officer) began her professional career in the Marketing Department of *SPI Società per la Pubblicità in Italia*. From 2000 to April 2014 Layla Pavone worked at Dentsu Aegis Network as Isobar Italia Managing Director, founding iProspect. From 2003 to 2010 Layla Pavone was President of IAB Italy and in 2003 she founded the IAB Forum, which today is the most important event in the world of online advertising. In April 2014, she joined the Board of Directors of Digital Magics as a Partner. On November 30th 2015, she was appointed Managing Director of Digital Magics for Industry Innovation.

Gabriele Ronchini (currently CEO): has a long track record in digital and interactive solutions: he was creator of digital communication business unit at Inferentia in 1990; in 1999, he joined IBM Consulting, coordinating the e-business team and personally advising main European customers; in 2000, he founded the Italian branch of Grey Interactive, a Grey Global Group company. Mr. Ronchini was one of the founders of DM in 2003, being appointed Executive Director. Mr Ronchini is also among the founders of 4W MarketPlace – one of DM's top holdings – and currently is Executive Chairman. Since Nov 2015 he has been Managing Director for Portfolio Development.

Edmondo Sparano (currently Chief Digital Officer): has a long track record in web marketing and digital business initiatives. He began its collaboration with Digital Magics in 2005; he became Partner in 2008 and joined the Board of Directors in 2014. Since Nov 2015 he has been Chief Digital Officer.

Along with these professionals, currently in office, we cannot but mention the legacy of Mr Enrico Gasperini, one of the pioneers in the spread of the digital culture and the Internet in Italy. After Inferentia, he founded Digital Magics with the aim to promote the digitalisation process in Italy and to support the development of new initiatives that could be achieved despite the diffusion of the Open Innovation concept. The GIOIN initiatives are still carried out by Digital Magics with several yearly events, the aim being to try to unlock the hidden digital potential among the main actors of the domestic digital arena.

Main domestic and international peers

Incubator	Business and company description
BioUpper	Top Italian platform for training and business acceleration focused on the bio-science segment. The platform was established out of a partnership between Novartis, Fondazione Cariplo, PoliHub and with the scientific support from Humanitas. BioUpper offers three winning projects worth EUR 50k in services and activities to support the development of the business idea.
Boox	Accelerator established in 2012 leveraging on high skills in the digital area of the two founders Mr Di Camilo and Mr Magnocavallo, who contributed to the development of top Italian digital companies such as Yoox, Banzai, and NeoData. The business model ranges from mentorship to seed investments and at the moment the company has a portfolio of 13 start-ups mainly focused on ecommerce segment.
BiovelocITA	Top Italian accelerator aimed at supporting promising research projects to proof of concept and transform them into biotech companies. BiovelocITA was established by Mr Silvano Spinelli, Mrs Gabriella Camboni and Sofinnova Partners and it provides financial resources and managerial skills necessary to design and conduct project development addressing different therapeutic areas.
Como Next	Como Next is a Technological Science Park founded in 2010 by the Chamber of Commerce in Como, thanks also to an extraordinary contribution by Cariplo Foundation. ComoNExT goals are basically three: attracting innovative businesses, transferring innovation to the territory and encouraging new business development by incubating start-ups. The technical structure of the Park supports the creation and growth of innovative companies offering specialised consultancy services. The incubation process takes place by participating to the incubation call "Dall'idea all'impresa" promoted by the Chamber of Commerce in Como through a voucher that is valid for work spaces and services at the ComoNExT Incubator. At the moment, the TSP (14,000 SQM) hosts more than 125 corporates of which 1/3 are start-ups and it has supported a total investment of EUR 10m in hosted businesses.
Fashion Technology Accelerator	FTA is an international hub that fosters digital and technology innovation in Fashion, Luxury and Retail industry. It is part of an international network with offices in Silicon Valley and Seoul. The business model looks at supporting start-ups and young enterprises, operating at the intersection between the industries of fashion and technology, accelerating their businesses. The company has an Acceleration programme lasting 6-months, in which the start-up and the FTA team work together to boost revenues thanks to an integrated approach taking into account activities in marketing, business development and fundraising. The business model foresees a payment for services through the acquisition of a stake in the company (c. 6%). Together with the core incubation, FTA also provides Co-Working services at monthly or daily fees.
Alimenta	Alimenta Accelerating Programme (AAP) is the Technology and Business Acceleration programme developed by PTP Science Park through 10 years' experience in supporting start-ups with a high technology and innovation level. The incubation lasts 6 months and is carried out in the PTP Science Park in Lodi. Start-ups are supported in the development of a Business Plan, in the commercial execution and in searching for new financial resources.
Key Capital	Venture incubator covering all the steps necessary to start-up a new business, from the valuation of the business idea to support in business modelling and marketing initiatives. The boutique supports start-ups in an acceleration and growth phase and the activity is paid back through a cash & paper scheme.
Make a Cube	One of the first Italian incubators focused on companies with a social / environmental / cultural attitude. The team will support start-ups for 3/12months. The programme also includes an open innovation programme.
Nuvolab	Nuvolab is a business accelerator focused on: i) accelerate start-ups through support in fund raising and scale-up initiatives; ii) support the digitalisation of the Italian economy through consultancy agreements and open innovation initiatives.
PoliHub	PoliHub is the incubator of the Politecnico di Milano, one of the most awarded Italian university. PoliHub's mission is to support highly innovative startups with scalable business models to foster cross-fertilization between the academy, the various startups and consolidated companies focused on innovation. Among services provided we highlight scouting, tutorship, mentorship, advisory and open innovation programs.
Unicredit Start lab	The project is aimed at innovative startups in all sectors, offering a multidimensional accelerator program to help drive business ideas forward, including cash grants, mentoring, network development, targeted training and specially tailored banking services.
Startmiup	Talent Hub based in Milan and founded in 2012. The organisation aims at promoting start-up and digital culture among young start-uppers on the professional background for 4 founding partners. The target companies, that will receive both mentorship and coworking services, are in the digital and technological arena.
Pi Campus	Pi Campus is both a start-up district and a venture fund that invests in talent. It provides start-ups with money, mentoring, and the best possible working environment for them to grow. As at today, Pi Campus has invested in 39 start-ups and supported more than 350 talents in growing their businesses.
Startalia	The initiative aims at supporting the development of new start-ups through both tutorship, mentorship, services providing and fund raising. The group, in fact, actively searches for potential investors in supported projects.
Tim #Wcap	The incubator and open innovation hub promoted by TIM since 2009 under the Call for ideas program. The accelerator was opened in 2013 and in 2016 the strategy moved from Call for Idea to Call for Startups, aimed at early stage startups, and Call for Partners, aimed to ready-to-market startups and SMEs. Tim#Wcap focuses on finding startups in line with the TI business strategy, mainly the ones providing digital services which could be integrated in the TI products offering.
Sella LAB	A business incubator established by Banca Sella and aimed at supporting start-ups both with mentoring and service providing (under consultancy agreements based on cash payment) funding or co-working spaces. The company currently operates three office facilities, in Biella, Turin and Lecce.



European Coverage of the Members of ESN

Aerospace & Defense	Mem(*)	Societe Generale	CIC	Food & Beverage	Mem(*)	Biom' Up	CIC
Airbus Se	CIC	Ubi Banca	BAK	Advini	CIC	Cellnovo	CIC
Dassault Aviation	CIC	Unicredit	BAK	Altia	OPG	Cerenis	CIC
Figeac Aero	CIC	Basic Resources	Mem(*)	Atria	OPG	Crossject	CIC
Latecoere	CIC	Acerinox	GVC	Bonduelle	CIC	Diasorin	BAK
Leonardo	BAK	Altri	CBI	Campari	BAK	El.En.	BAK
Lisi	CIC	Arcelormittal	GVC	Coca Cola Hbc Ag	IBG	Fermentalg	CIC
Safran	CIC	Corticeira Amorim	CBI	Danone	CIC	Genfit	CIC
Thales	CIC	Ence	GVC	Ebro Foods	GVC	Guerbet	CIC
Alternative Energy	Mem(*)	Metsä Board	OPG	Enervit	BAK	Korian	CIC
Siemens Gamesa Re	GVC	Mytilineos	IBG	Fleury Michon	CIC	Oncodesign	CIC
Volitalia	CIC	Outokumpu	OPG	Hkscan	OPG	Oriola-Kd	OPG
Automobiles & Parts	Mem(*)	Semapa	CBI	La Doria	BAK	Orion	OPG
Bittium Corporation	OPG	Ssab	OPG	Lanson-Bcc	CIC	Orpea	CIC
Brembo	BAK	Stora Enso	OPG	Laurent Perrier	CIC	Pihlajalinna	OPG
Ferrari	BAK	The Navigator Company	CBI	Ldc	CIC	Recordati	BAK
Fiat Chrysler Automobiles	BAK	Tubacex	GVC	Massimo Zanetti	BAK	Silmaasema	OPG
Gestamp	GVC	Upm-Kymmene	OPG	Olvi	OPG	Terveystalo	OPG
Indelb	BAK	Chemicals	Mem(*)	Orsero	BAK	Household Goods	Mem(*)
Kamux	OPG	Air Liquide	CIC	Pernod Ricard	CIC	Abeo	CIC
Landi Renzo	BAK	Arkema	CIC	Raisio	OPG	De Longhi	BAK
Nokian Tyres	OPG	Kemira	OPG	Remy Cointreau	CIC	Elica	BAK
Piaggio	BAK	Tikkurila	OPG	Tipiak	CIC	Fila	BAK
Pininfarina	BAK	Electronic & Electrical Equipment	Mem(*)	Vidrala	GVC	Maisons Du Monde	CIC
Sogefi	BAK	Rexel	CIC	Vilmorin	CIC	Industrial Engineering	Mem(*)
Banks	Mem(*)	Financial Services Banks	Mem(*)	Viscofan	GVC	Alstom	CIC
Aktia	OPG	Amundi	CIC	Vranken Pommery Monopole	CIC	Biesse	BAK
Alpha Bank	IBG	Anima	BAK	Food & Drug Retailers	Mem(*)	Caf	GVC
Banca Carige	BAK	Azimut	BAK	Carrefour	CIC	Cargotec Corp	OPG
Banca Mps	BAK	Banca Farmafactoring	BAK	Casino Guichard-Perrachon	CIC	Carraro	BAK
Banco Sabadell	GVC	Banca Generali	BAK	Jeronimo Martins	CBI	Cnh Industrial	BAK
Banco Santander	GVC	Banca Ifis	BAK	Kesko	OPG	Danieli	BAK
Bankia	GVC	Banca Mediolanum	BAK	Marr	BAK	Datalogic	BAK
Bankinter	GVC	Banca Sistema	BAK	Sonae	CBI	Emak	BAK
Bbva	GVC	DoBank	BAK	General Industrials	Mem(*)	Fincantieri	BAK
Bcp	CBI	FincoBank	BAK	Cembre	BAK	Groupe Gorge	CIC
Bnp Paribas	CIC	Poste Italiane	BAK	Huhtamäki	OPG	Haulotte Group	CIC
Bper	BAK	Financial Services Holdings	Mem(*)	Pöyry	OPG	Ima	BAK
Bpi	CBI	Cir	BAK	Serge Ferrari Group	CIC	Interpump	BAK
Caixabank	GVC	Corp. Financiera Alba	GVC	General Retailers	Mem(*)	Kone	OPG
Credem	BAK	Digital Magics	BAK	Fnac Darty	CIC	Konecranes	OPG
Credit Agricole Sa	CIC	Eurazeo	CIC	Fourlis Holdings	IBG	Manitou	CIC
Creval	BAK	Ffp	CIC	Inditex	GVC	Metso Corporation	OPG
Eurobank	IBG	Rallye	CIC	Jumbo	IBG	Outotec	OPG
Intesa Sanpaolo	BAK	Tip Tamburi Investment Partners	BAK	Ovs	BAK	Ponsse	OPG
Liberbank	GVC	Wendel	CIC	Stockmann	OPG	Prima Industrie	BAK
Mediobanca	BAK	Financial Services Industrials	Mem(*)	Tokmanni	OPG	Prysmian	BAK
National Bank Of Greece	IBG	Athex Group	IBG	Unieuro	BAK	Talgo	GVC
Natixis	CIC	Bolsas Y Mercados Espanoles	GVC	Healthcare	Mem(*)	Valmet	OPG
Nordea	OPG	Capman	OPG	Ab Biotics	GVC	Wärtsilä	OPG
Piraeus Bank	IBG	Eq	OPG	Amplifon	BAK	Zardoya Otis	GVC
Rothschild & Co	CIC	Tinexta	BAK	Atrys Health	GVC		

Industrial Transportation	Mem(*)	Alma Media	OPG	Geox	BAK	Bureau Veritas	CIC	Pierre Et Vacances	CIC
Bollere	CIC	Arnoldo Mondadori Editore	BAK	Hermes Intl.	CIC	Cellnex Telecom	GVC	Sg Company	BAK
Ctt	CBI	Atresmedia	GVC	Interparfums	CIC	Edenred	CIC	Sodexo	CIC
Insurance	Mem(*)	Cairo Communication	BAK	Kering	CIC	Enav	BAK	Sonae Capital	CBI
Axa	CIC	Cofina	CBI	Lvmh	CIC	Fiera Milano	BAK	Tallink	OPG
Cattolica Assicurazioni	BAK	Digital Bros	BAK	Marimekko	OPG	Inwit	BAK	Trigano	CIC
Generali	BAK	Digitouch	BAK	Moncler	BAK	Lassila & Tikanoja	OPG	Utilities	Mem(*)
Mapfre	GVC	Gedi Gruppo Editoriale	BAK	Safilo	BAK	Openjobmetis	BAK	A2A	BAK
Net Insurance	BAK	GI Events	CIC	Salvatore Ferragamo	BAK	Rai Way	BAK	Acciona	GVC
Sampo	OPG	Impresa	CBI	Sarantis	IBG	Technology Hardware & Equipment	Mem(*)	Acea	BAK
Unipolsai	BAK	IoI	BAK	Smcp	CIC	Adeunis	CIC	Albioma	CIC
Materials, Construction & Infras	Mem(*)	Ipsos	CIC	Swatch Group	CIC	Ericsson	OPG	Derichebourg	CIC
Acs	GVC	Jcdecoux	CIC	Technogym	BAK	Evolis	CIC	Edp	CBI
Aena	GVC	Lagardere	CIC	Tod'S	BAK	Hf Company	CIC	Edp Renováveis	CBI
Astaldi	BAK	M6-Metropole Television	CIC	Real Estate	Mem(*)	Ingenico	CIC	Enagas	GVC
Atlantia	BAK	Mediaset	BAK	Citycon	OPG	Nokia	OPG	Endesa	GVC
Buzzi Unicem	BAK	Mediaset Espana	GVC	Grivalla	IBG	Osmosis	CIC	Enel	BAK
Capelli	CIC	Nrj Group	CIC	Igd	BAK	Stmicroelectronics	BAK	Erg	BAK
Caverion	OPG	Publicis	CIC	Kojamo	OPG	Teleste	OPG	Eydap	IBG
Cramo	OPG	Rcs Mediagroup	BAK	Lar España	GVC	Telecommunications	Mem(*)	Falck Renewables	BAK
Eiffage	CIC	Sanoma	OPG	Merlin Properties	GVC	Accotel	BAK	Fortum	OPG
Elitel	OPG	Solocal Group	CIC	Realla	GVC	Bouygues	CIC	Hera	BAK
Ezentis	GVC	Teleperformance	CIC	Technopolis	OPG	Dna	OPG	Iberdrola	GVC
Fcc	GVC	Tf1	CIC	Software & Computer Services	Mem(*)	Elisa	OPG	Iren	BAK
Ferrovial	GVC	Ubisoft	CIC	Agile Content	GVC	Euskaltel	GVC	Italgas	BAK
Groupe Adp	CIC	Vivendi	CIC	Akka Technologies	CIC	Iliad	CIC	Naturgy	GVC
Groupe Pouloulat	CIC	Vogo	CIC	Alten	CIC	Masmovil	GVC	Public Power Corp	IBG
Groupe Stpi S.A.	CIC	Oil & Gas Producers	Mem(*)	Altran	CIC	Nos	CBI	Red Electrica Corporacion	GVC
Herige	CIC	Ecoslops	CIC	Amadeus	GVC	Orange	CIC	Ren	CBI
Imerys	CIC	Eni	BAK	Assystem	CIC	Ote	IBG	Snam	BAK
Lafargeholcim	CIC	Galp Energia	CBI	Atos	CIC	Telecom Italia	BAK	Solaria	GVC
Lehto	OPG	Gas Plus	BAK	Axway Software	CIC	Telefonica	GVC	Terna	BAK
Maire Tecnimont	BAK	Hellenic Petroleum	IBG	Basware	OPG	Telia	OPG		
Maisons France Confort	CIC	Maurel Et Prom	CIC	Cast	CIC	Tiscali	BAK		
Mota Engil	CBI	Motor Oil	IBG	Catenon	GVC	Vodafone	BAK		
Obrascon Huarte Lain	GVC	Neste Corporation	OPG	Econocom	CIC	Travel & Leisure	Mem(*)		
Ramirent	OPG	Qgep	CBI	Esi Group	CIC	Accor	CIC		
Sacyr	GVC	Repsol	GVC	Exprivia	BAK	Aegean Airlines	IBG		
Saint Gobain	CIC	Total	CIC	F-Secure	OPG	Autogrill	BAK		
Salini Impregilo	BAK	Oil Services	Mem(*)	Gigas Hosting	GVC	Beneteau	CIC		
Sias	BAK	Bourbon	CIC	Groupe Open	CIC	Compagnie Des Alpes	CIC		
Sonae Industria	CBI	Cgg	CIC	Indra Sistemas	GVC	Elior	CIC		
Srv	OPG	Gaztransport Et Technigaz	CIC	Neurones	CIC	Europcar	CIC		
Tarkett	CIC	Rubis	CIC	Novabase	CBI	Finnair	OPG		
Thermador Groupe	CIC	Saipem	BAK	Reply	BAK	Gamenet	BAK		
Titan Cement	IBG	Technipfmc Plc	CIC	Rovio Entertainment	OPG	I Grandi Viaggi	BAK		
Trevi	BAK	Tecnicas Reunidas	GVC	Sii	CIC	Ibersol	CBI		
Uponor	OPG	Tenaris	BAK	Sopra Steria Group	CIC	Int. Airlines Group	GVC		
Vicat	CIC	Vallourec	CIC	Tieto	OPG	Intralot	IBG		
Vinci	CIC	Personal Goods	Mem(*)	Visiativ	CIC	Melia Hotels International	GVC		
Yit	OPG	Basicnet	BAK	Support Services	Mem(*)	Nh Hotel Group	GVC		
Media	Mem(*)	Cie Fin. Richemont	CIC	Asiakastieto Group	OPG	Opap	IBG		

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

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Recommendation history for DIGITAL MAGICS

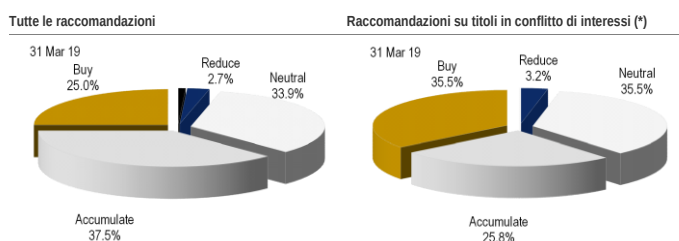
Date	Recommendation	Target price	Price at change date
31-May-19	Accumulate	7.80	5.86
23-Apr-18	Accumulate	8.30	7.32
26-Sep-17	Accumulate	8.10	6.57

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)



Percentuale delle raccomandazioni al 31 marzo 2019



(*) Si informa che la percentuale degli emittenti in potenziale conflitto di interessi con Banca Akros è pari al 27.68% del totale degli emittenti oggetto di copertura

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

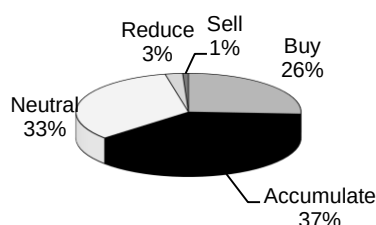
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Meaning of each recommendation or rating:

- **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
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- **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
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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](#)

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