

Digital Magics

Sponsored Research

Italy | Financial Services Holdings

Investment Research



Company Update

Reason: Company newsflow

25 May 2021

Buy

from Accumulate

Share price: EUR 4.14

closing price as of 24/05/2021

Target price: EUR 6.50

from Target Price: EUR 6.70

Upside/Downside Potential 57.0%

Reuters/Bloomberg

DMG.MI/DM IM

Market capitalisation (EURm) 31

Current N° of shares (m) 7

Free float 37%

Daily avg. no. trad. sh. 12 mth (k) 6

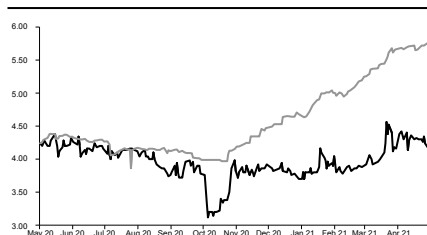
Daily avg. trad. vol. 12 mth (k) 69.42

Price high/low 12 months 4.56 / 3.12

Abs Perfs 1/3/12 mths (%) -0.48/2.48/0.98

Shareholders

StarTIP 23%; Innogest 6%;



Source: FactSet

DIGITAL MAGICS FTSE AIM Italia (Rebased)

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Resilient portfolio in 2020, plans to double in five years

We remain positive on Digital Magics; upgrade to Buy. Despite the Covid-19 impact in the first half of 2020, the company and the whole VC market recovered fast in H2. We believe the tough trading conditions for the MarTech segment have been offset by the boost provided by the pandemic to Fintech companies. We appreciate the ambition of DM to reach EUR 100m portfolio value in 5 years, supported by new finance and we note the relevant support from CDP (EUR 14.2m injected in DM's start-ups) as it validates DM's business model and capabilities.

- ✓ **FY 2020 result.** The reported top-line and EBITDA are not crucial in this business. FY 2020 revenues were down by 11%, mainly due to the reduced activities in consulting services. Nevertheless, the EBITDA loss was reduced thanks to lower costs for services. Below the EBIT line, write-downs were higher Y/Y as DM wrote off participations in 2 companies and took a EUR 200K charge against its stake in Withfounders. Income from participations include the EUR 0.30m capital gain from the sale of Moneymour and a special dividend from Withfounders related to the exit from Brandon Group.
- ✓ **The current portfolio includes 73 operating companies (+4 Y/Y).** DM invested in 17 new participations last year. The main exit in the period was the disposal of fintech company "Moneymour", in February 2020. DM sold its 13.8% stake to Klarna and said the return on the deal was 3x the invested capital, with an IRR above 100%. The total cash-in from divestments reached EUR 0.74m. Despite the Covid-19 crisis, the aggregated turnover of DM portfolio companies (at comparable business perimeter) increased by 14% Y/Y to EUR 62m.
- ✓ **New capital and personnel to double the portfolio value in five years.** On May 19, 2021, DM announced its maiden **industrial plan**, which involves doubling the portfolio value to EUR 100m, through EUR 10.5m investments in 5 years, supported by EUR 8m capital increase (of which EUR 2m already secured in January with the placement of "Strumenti finanziari partecipativi"-SFP (participating financial instruments). In April DM announced the **acquisition of the open innovation boutique "The Doers"** for EUR 1m in stock and plans to boost the start-up management staff from 8 to 18 people.
- ✓ **Positive perspectives for the start-up ecosystem:** start-up funding seems to have significantly recovered in the second part of 2020, following a heavy impact of the pandemic in March/May; according to the "Start-Up Observatory" by Il Politecnico di Milano, the total start-up funding in 2020 was down by just 1.6% to EUR 683m. Going forward, we see positive perspectives for the digital ecosystem, taking into account the EU Next Generation funds, the already established public support, and the initiatives adopted by CDP, such as the "AccelerORA" and "Seed per il Sud" funding programs.
- ✓ **Updated valuation points to EUR 6.5 per share (vs. previous 6.7).** HTT still represents the main holding in DM's portfolio, accounting for EUR 1.9 (unchanged) per share. We confirm our positive stance on the Fintech cluster, whose performance and valuations have been boosted by the new opportunities unlocked by the Covid-19 pandemic. On the other hand, we are keeping to a more cautious approach towards the Martech segment, given the tough competition and the more uncertain commercial perspectives.

Produced by:

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FY 2020 results

The main elements of the FY 2020 publication include:

The reported top-line and EBITDA are not crucial in this business. FY 2020 revenues were down by 11%, mainly due to the reduced activities in consulting services. Nevertheless, the EBITDA loss was reduced thanks to lower costs for services. Below the EBIT line, write-downs were higher than the previous year as the company wrote off participations in 2 companies and took a EUR 200K charge against its stake in Withfounders. Income from participations include the EUR 0.30m capital gain from the sale of Moneymoore and a special dividend from Withfounders related to the exit from Brandon Group.

P&L analysis

Data in EUR m	2015	2016	2017	2018	2019	2020
Sales	2.46	2.08	2.01	2.56	2.66	2.35
Value of production	2.51	2.91	2.75	3.20	3.24	2.76
EBITDA	0.18	0.33	(0.64)	(0.35)	(0.30)	(0.26)
EBIT	(0.24)	(0.25)	(2.04)	(1.18)	(0.99)	(0.85)
Write-downs	(0.97)	(2.92)	(4.86)	(1.61)	(1.22)	(2.06)
Income from associates	0	0.11	0.28	3.23	0.01	0.58
Taxes	(0.10)	0.04	(0.07)	0.01	0.04	0.01
Net Profit (loss)	(1.23)	(3.19)	(6.83)	0.39	(2.26)	(2.51)

Source: Company data

In FY 2020, DM invested EUR 2.64m (including convertible securities) in the company's portfolio. In total, during last year the start-ups in DM's portfolio collected EUR 27.3m fresh funds, of which EUR 14.2m from CDP Venture Capital. Digital Magics highlights in a note the strengthened collaboration with CDP Venture Capital, which has co-financed 14 start-ups and innovative SMEs, and StarTIP.

The current portfolio includes 73 operating companies (+4 Y/Y). DM invested in 15 new participations last year (o/w 4 in H1 20). The main exit in the period was the disposal of fintech company "Moneymour", in February 2020. DM sold its 13.8% stake to Klarna and said the return on the deal was 3x the invested capital, with an IRR above 100%. The total cash-in from divestments reached EUR 0.74m.

Despite the Covid-19 crisis, the aggregated turnover of DM portfolio companies (at comparable business perimeter) increased by 14% Y/Y to EUR 62m.

The net debt position increased by EUR 0.5m Y/Y but was stable vs. the end of June 2020. The company said that, as at January 31, 2021, it had successfully concluded the placement of EUR 2m "SFP" (equity-like securities), which provide fresh cash against a future capital increase (on May 19 DM announced the intention to increase the capital by EUR 8m). We highlight that EUR 1.58m out of 2m have been already cashed in by December 31, 2020 and are included in the year-end NFP.

Balance-sheet analysis

Data in EUR m	2015	2016	2017	2018	2019	2020
Fixed assets	15.95	16.62	14.78	15.31	17.27	17.22
NWC	1.77	2.30	1.80	1.52	1.42	1.03
Total funds	(0.04)	(0.07)	(0.06)	(0.08)	(0.10)	(0.11)
Net Capital invested	17.68	18.84	16.51	16.76	18.59	18.15
Shareholders' Equity	16.64	14.90	18.94	19.78	17.15	16.19
Net Debt (cash)	1.04	3.94	(2.43)	(3.02)	1.44	1.96
Total Assets	19.38	20.55	18.19	18.07	19.88	19.55

Source: Company data

DM: Capital Structure

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

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

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

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

Source: Company data

In 2017, the rights exercised were 738K representing around 45% of the outstanding warrants, in October 2018 they were only 3,508 implying a cash inflow of EUR 22K, in October 2019 just 62 with a cash-in of EUR 430. No warrants were exercised in October 2020.

Exercise prices and potential maximum cash-in SCENARIOS (w/actual exercise 2017/2020)

Exercise window	Strike price (EUR per share)	Exercised Rights (K)	Actual cash-in	Max cash in in the year	Cumulated Cash in
October 2017	5.75	738	4.24	-	
October 2018	6.35	3.5	0.02	-	4.26
October 2019	6.95	0.062	0.00043	-	4.26
October 2020	7.55	0	0	-	4.26
October 2021	8.15	901.37		7.35	11.61
October 2022	8.75	901.37		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, would provide a new capital injection of up to EUR 4.99m. The aim is clearly to boost new early-stage investments in DM's start-ups by attracting direct investors into DM's start-up portfolio. The AGM also approved the 2018/2022 **stock option plan**, which will spark a maximum capital injection of EUR 4.8m at EUR 8.00/sh.

The shareholders meeting of **April 2019** approved the **reduction of the strike price** for the above warrants for start-up investors and for the stock options, from EUR 8.00 to EUR 6.20.



Updates on business development

New funding

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

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

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

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

On February 1, 2021, DM announced that the offer of “Strumenti finanziari partecipativi”-SFP (participating financial instruments) was fully subscribed for a total of EUR 2m.

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

Acquisition of “The Doers”

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

“The Doers” is an Italian player in the “Open Innovation” ecosystem which is based in Turin and employs a dozen people according to our estimates. DM said in a note that the Doers generated in the last 12 months EUR 661K revenues, EUR 21.5K EBITDA and positive net result (EUR 8.6K). The deal value is up to EUR 1m, to be paid in newly issued DM shares. On May 19 DM announced the final terms of the deal which involve up to 238,095 new shares at EUR 4.2 each, subject to 36 months lock-up period.

The three partners of The Doers will stay in Digital Magics helping to develop the Open Innovation business line, which in FY 2020 generated EUR 730K in 10 projects. This deal will help DM to strengthen an important revenue line, and better allocate management’s time between the relationships with the portfolio’s start-ups and corporate clients/partners.

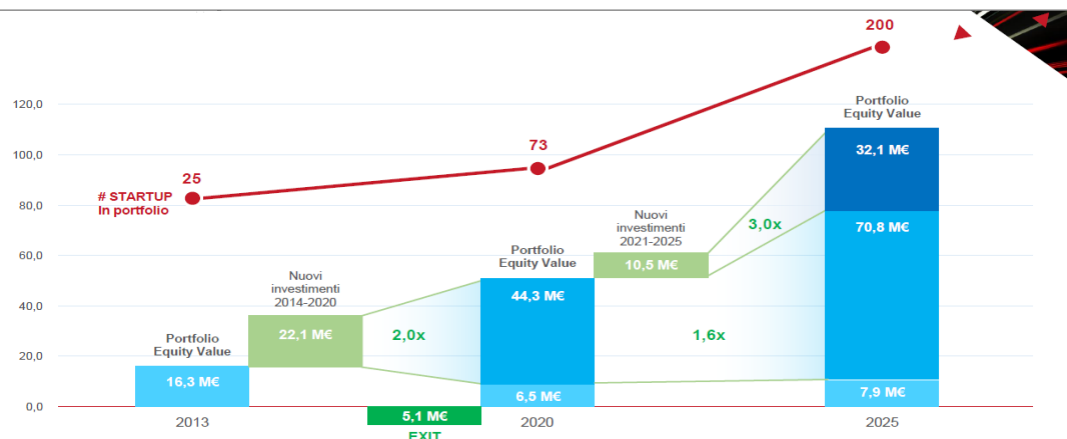
The size of the deal accounts for around 3.3% of DM’s market cap and does not impact the net financial position. The value implies 1.5x EV/sales, compared to the 1x ratio we conservatively apply in our sum of the part valuation for DM.

Despite a neutral impact for a financial standpoint, we highlight the positive implications from a strategic angle.

New business plan

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

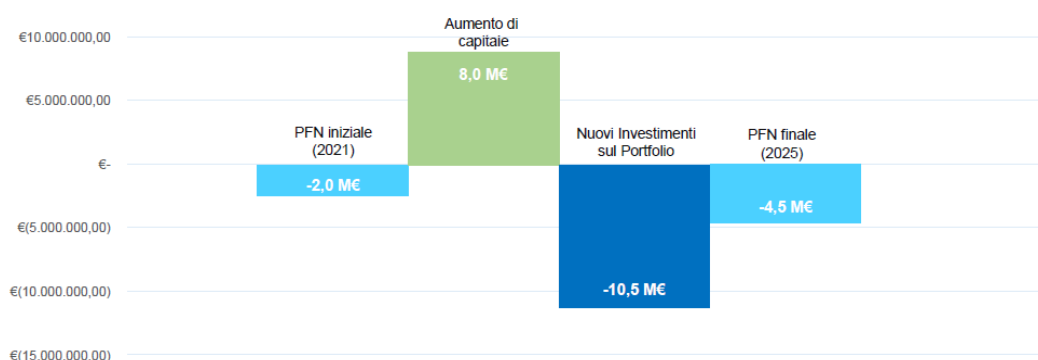
DM 2021-25 business plan: portfolio targets



Source: Digital Magics Business plan presentation

DM will finance the new expansion plan with bank debt and new equity. The company will launch a EUR 8m capital increase in option to current shareholders. We note that DM already completed last February the issue of hybrid securities ("Strumenti Finanziari Partecipativi") for EUR 2m in anticipation of new share issue. The net financial debt is expected to increase from EUR 2.0m (end of 2020) to EUR 4.5m at the end of the period.

DM 2021-25 business plan: funds



Source: Digital Magics Business plan presentation

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

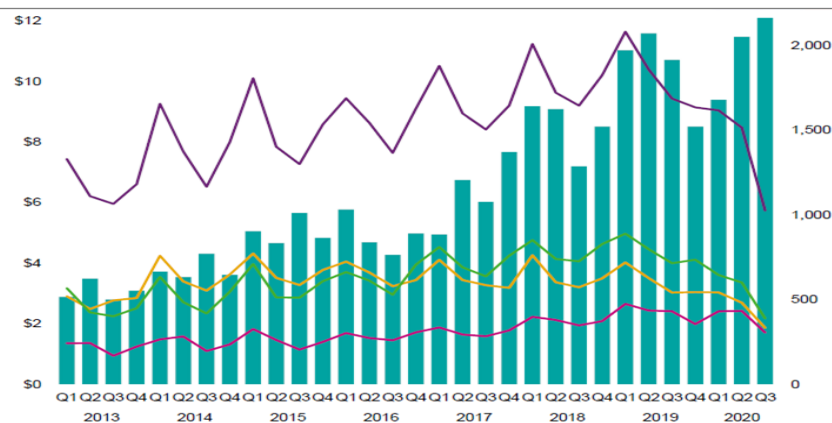
VC market resilient to the pandemic

The latest VenturePulse report by KPMG, updated to Q3 2020 performance, provides supporting evidence to the global venture capital conditions. “Despite ongoing concerns related to COVID-19, geopolitical tensions, the upcoming US presidential election, and a potential hard Brexit, VC investment during the quarter remained robust across all regions of the world”. On a global level, companies raised USD 73.2bn in a total of 4,362 deals, an amount which surpasses the previous five quarters in spite of the number of transactions falling from the high of above 7K in Q1 2019.

European market hit funding record highs in Q3 2020

According to the report, European funding amounted to USD 12.1bn in Q3 2020, which is a new record high for the region despite the number of deals more than halved from the Q1 2019 peaks, to a total of 1,024. In the whole 2019, venture volumes had risen by 40% to EUR 38bn, across a total of 5K rounds. VenturePulse report admits that “there has been a significant amount of uncertainty over the past 6 months due to COVID-19, which has been reflected in the valuations of businesses. This, combined with the focus of VC investors on protecting their existing portfolio companies, has led to more cautious valuations and even more challenges for early-stage companies working to raise funding”.

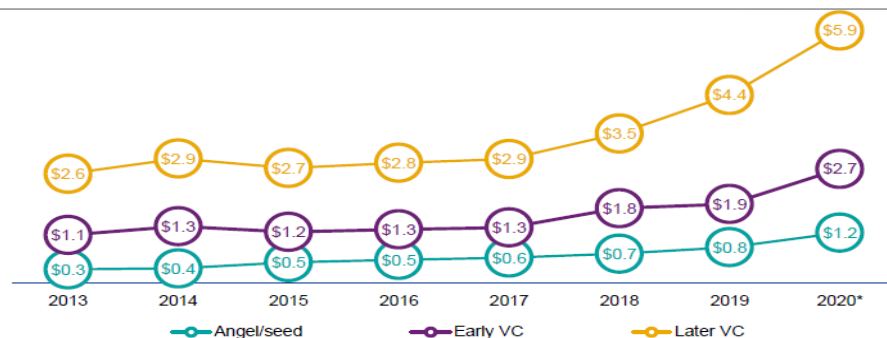
Venture financing in Europe 2013/Q3 2020



Source: Venture Pulse (KPMG)

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

Venture financing in Europe 2012/Q3 2020



Source: Venture Pulse (KPMG)



Several >USD 100m deals contributed to the performance, including USD 580m for Revolut and USD 314m Karma Kitchen in UK; USD 632m raise by CureVac, USD 291m for AUTO1 and USD 246m raised by agtech company Infarm in Germany; and USD 650m raised by digital bank Klarna and a USD 600m deal by energy company Northvolt in Sweden. Importantly, Corporate Venture Capital continued to increase according to its long-time trend and surpassed for the first time the USD 6bn mark. PulseVenture remarks that “innovation earlier in its cycle is an imperative for extant corporations. As a natural result, during an uncertain time, large corporate players are still backing the more mature businesses in their larger, later-stage rounds”.

Among the **sectors**, VC remain highly focused on areas such as Software (above 30% of total investments) health and biotech (around 10%), fintech, and work/education related activities, driven by the pandemic implications.

Fundraising remains strong year to date, with a total of USD 12.3bn is expected to surpass the level of the whole 2019 (USD 14.1bn).

Italian VC market recovered in H2 2020

The Italian Venture Capital market, after impressive growth experienced in 2017 and 2018, continued to be very dynamic also last year, with around 15% increase in total investments according to different sources. In the first half of this year, the performance was obviously affected by the pandemic, which forced the cancellation, freeze and/or postponement of several ongoing deals and in some cases affected underlying valuations. As a result, VC funding in H1 2020 were down by around 30% Y/Y. Most industry observers agree in any case that the combination of expected macro-economic recovery, underlying positive trends in the industry and new country-specific support measures have supported the second part of the year and will boost 2021 performance.

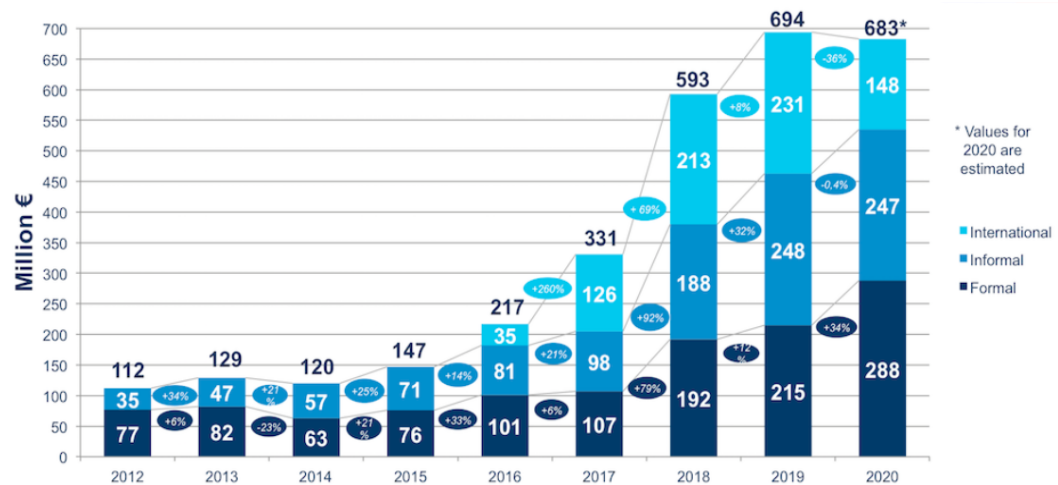
According to **Venture Capital Monitor (VeM)** and the Italian Business Angels Association (IBAN), total investments in Italian innovative companies reached EUR 650m in 2019, from EUR 560m the previous year. The contribution of “business angels” was EUR 53m (from EUR 40m). Total deals were 148 (from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

In H1 2020, VeM assessed a 30% decline Y/Y in total funding to EUR 217m (EUR 311m in H1 2019), out of 57 deals (69). Including “business angels” (EUR 31m) the total raised was EUR 248m. The most affected were follow-on deals which dropped from EUR 133m to EUR 20m, while “Initial” rounds actually grew from EUR 178m in H1 2019 to EUR 197m. The contribution of foreign investment was particularly hit, while the deals “Italy on Italy” increased in size from EUR 139m to EUR 152m.

A market analysis by Il **Politecnico di Milano** presented on December 4 “Start-Up Observatory” estimates that total Start-up funding in 2020 was down by 1.6% to EUR 683m.

The Start-up funding seems to have significantly recovered in the second part of the year, following a heavy impact of the pandemic in March/May. The PoliMi analysis confirms the above seen downward trend in international capital which is estimated to decline by EUR 83m Y/Y (-36%), the “informal” capital from business angels including “friends & family”, business angels and (equity) crowdfunding, is not growing for the first time in 9 years but is compensated by EUR 73m increase in the formal domestic capital (again the first source of funding). The research estimates 44% of deals in excess of EUR 1m, vs. two thirds in 2019, while there are a dozen deals in excess of EUR 10m (14 in 2019).

Italian Venture Capital investments



Source: Politecnico di Milano, December 2020

In spite of some delay, and the current pandemic situation, which still affects every aspects of economic and financial activity, we continue to believe that the medium-term opportunities remain strong also in this area, thanks to public and private efforts, such as:

- The “national innovation fund”, originally announced at the end of 2018, presented in March 2019, and started at the end of that year. In June 2020, CDP and the Italian Ministry of Economic Development (MISE) presented the new commitments to support the Italian venture capital ecosystem, including EUR 1bn financial support. The plan will involve EUR 1bn through the vehicle CDP venture capital SGR (subscription to date has reached EUR 0.8bn) via seven different funds, including 4 already started. The SGR has reportedly a pipeline of 200 potential opportunities and intends to invest above EUR 250m by the end of this year. The 4 operating funds include Italia venture I (operating since 2015 with EUR 80m, 20 investee companies), Italian venture II (EUR 150m, focused on start-ups from the south of Italy), VentureItaly (EUR 300m, invests in venture capital funds), Acceleratori (launched last May, EUR 125m focused on specific verticals). The new funds to be launched include Fondo Corporate Venture Capital (EUR 150m, focused on strategic areas), Tech Transfer (EUR 150m, aimed at the creation of “technological transfer” hubs) and in 2021 the Late-Stage fund (EUR 100m).
- The increased direct financial involvement of the state will also include a venture capital fund of the Ministry of Economic Development (MISE) funded with EUR 90m in 2019/22 and with the attribution of 15% of dividend proceeds from public participations (which could be worth some EUR 0.5bn pa).
- Incentives to the private investment with 3.5% of PIR funds attributed to VC investments, formalization of “business angels” category (from 30% to 40% tax savings).
- The introduction of more favorable fiscal conditions (50% discount) at the exit if the investment is kept for at least three years.
- Other private initiatives. For instance, Intesa recently said it will transform its NEVA Finventures into an SGR vehicle and increased its size from EUR 100m to EUR 250m.

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

Portfolio Analysis

As per December 31, 2020, DM had in its portfolio of investments (on a direct basis or through Withfounders, of which DM has a 35% stake) a total of 73 operating companies, (including 29 innovative start-ups and 20 innovative SMEs) +4 vs. the end of 2019. In the FY 2020, the net investment in new companies and existing holdings was EUR 2.64m, broadly in line with the average of the past few years despite the pandemic. The capital attracted from other investors was also notable at EUR 25m with a significant support from CDP. The dynamic between exits and write downs was broadly in line with the previous year in euro terms.

Portfolio companies: KPIs

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

Source: Company data

Investments

In 2020, DM invested a total of EUR 1.43m in **15 new companies** (see table below), including 7 coming from the last fintech Magic Wand program, through equity injection in 13 start-ups and the underwriting of convertible instruments in other 2, due to enter in DM's portfolio in the future. DM invested a consideration of above or equal EUR 90K in 9 companies, we note that the largest implied value refers to Unchained Carrot (EUR 4.5m), SurgiQ (EUR 3.2m), Amon Card (EUR 3.1m) and Plurima (EUR 2.6m). The median valuation of the investee companies is EUR 1.26m, the average EUR 1.84m (EUR 0.90m/1.52m in FY 2019, respectively).

In October 2017, DM launched the first **"Magic Wand"** accelerator program aimed at developing innovative early-stage start-ups, initially in the FinTech and InsurTech fields. After the first round in Jan-2018, 10 projects were selected, out of more than 50 ideas, for a six-month acceleration process and a first grant of EUR 5K. Based on specific targets and KPIs, the best 6 start-ups were selected in a second round, receiving a second grant of EUR 15K and the possibility to conclude the programme. To participate in the acceleration programme, DM acquires the right to subscribe to 10% of the capital of the 6 selected start-ups. The second edition of the Magic Wand program (launched in November 2018) was focussed on the **retail sector** in partnership with players such as Auchan Retail Italia, Cisco, Dodifferent, Nava Design, Nexi, RDS 100%, SisalPay and UBI Banca. DM selected 6 start-ups for the "validation phase" which includes EUR 15K cash and the incubation journey worth EUR 75K, along with the opportunity to receive further EUR 300K financing.



The third edition of MW was launched in November 2019 and was once again focussed on **Fintech/ Insurtech, along with Blockchain and Cybersecurity**. The partners include BNL, Credem, Innogest, Ersel, Poste Italiane, SISALPay, Reale Group and TIM. DM had selected 11 start-ups including 1 from Russia, 1 from Singapore and 3 from other European countries. The 6 finalists have already completed financing rounds for a total of EUR 2.8m of which EUR 0.7m from Digital Magics.

In November 2020, DM and Innova Venture (Lazio Region's venture capital fund) launched the **Magic Wand Sustainability** an acceleration program for digital fast-growing sustainability start-ups, for innovative start-ups headquartered, operating or willing to operate within the Lazio Region borders and focussed on Agritech, Medtech, Edtech, Smart City, Mobility, Energy, Space-Tech e Supply Chain. The 6 winners will enter the validation phase and will be awarded EUR 175K financing each. This programme follows the two-year agreement signed with Innova Venture in May 2020, which provides for the investment of up to EUR 6m (o/w 60% by DM and 40% by Innova Venture) in innovative start-ups.

DM said it is also preparing a new Fintech acceleration program in partnership with CDP Venture Capital SGR, Startbootcamp and Fintech District, with the goal of supporting up to 50 start-ups in 3 years, involving other sector partners.

Digital Magics's new investments 2020

Holdings	Sector	Description	DM's stake	Investment
Affitto Certificato (*)	C2C/Retail	Software platform for leasing	7.25%	90.3K
A-Live	Social Media	Interactive streaming platform	2.00%	22.1K
Amon Card (*)	Fintech	Platform for exchange of crypto-currencies and e-wallet management	4.80%	150.0K
AWorld (*)	Social Media	Sustainability-related microservices	6.42%	130.0K
Bridge Insurance	Insurtech	Platform for the "self-service" subscription of insurance policies	3.93%	77.4K
MonAI (*)	Fintech	Processing of info on customers' risks	10.00%	90.2K
Plurima (*)	Fintech	Wholesale broker network	7.97%	206.5K
Reoli	Food	Products based on olive oil	0.53%	6.7K
Sliding Life	Social Media	Webservices for separations and divorces	7.58%	75.0K
SurgiQ	Healthcare	Remote assistance and monitoring	3.08%	100.0K
Unchained Carrot (*)	MarTech	Real-time marketing	2.00%	90.0K
Viceversa	MarTech	Data-driven management of adv investments	15.00%	100.0K
Vudoo	eCommerce	Online marketplace for small enterprises and craftsmen	7.50%	50.0K
Emcee Invest	Fintech	Platform for "loyalty management"	--	(**)
Heallo	Food	Solutions for healthy nutrition	--	(**)

Source: Company data; (*) finalist in Magic Wand Fintech, Insurtech, Cybersecurity and Blockchain; (**) convertible instruments underwritten

Other incremental investments in existing holdings, include Quomi (food delivery), Eligo (B2C fashion), Coverholder (fintech), Criptalia (fintech), FrescoFrigo (food delivery) and Georadio (martech).



DM Portfolio DYNAMICS in 2020: main movements (EUR K)

Holdings	BV Dec 2019	Stake Dec 2019	Investment (Divest)	Write- down	BV Dec 2020	Stake Dec 2020	Note
Digital Bees	486.7	78.69%	270.0	(756.7)	-	81.18%	Write-off
Emotional Targets	255.0	100.0%	10.0	(10.0)	255.0	100.0%	
Sharide	480.1	100.0%	200.0	(200.0)	480.1	100.0%	
Yo Agents	936.7	51.27%	97.1	-	1,034	49.40%	
Total subsidiaries	3,125		577.1	(966.7)	2,735		4 companies
AddCommunication	50.0	20.00%	-	(50.0)	-	20.00%	Write-off
Bikeroom	50.0	25.00%	10.0	-	60.0	23.50%	
Eclettica	292.0	23.49%	(292.0)	-	-	-	Stake transferred to Lin Up
ELI WMS (OHC Bene)	151.0	20.00%	25.0	-	176.0	26.67%	
Withfounders	803.6	35.00%	-	(703.6)	100.0	35.00%	
XoKo (HotelBrand)	132.3	25.75%	75.7	-	280.4	24.36%	
Total associates	4,832		(181.3)	(753.7)	3,897		10 companies
Axieme	157.6	7.09%	21.0	-	178.6	7.09%	
Bikeroom	50.0	25.00%	10.0	-	60.0	23.50%	
Brandon Group	401.6	2.07%	(401.6)	-	-	-	(owned through Withfounder) sold
Buzzole	507.9	3.65%	50.0	-	557.9	3.88%	
Cardo (P2P Advisor)	84.8	10.71%	25.0	-	109.8	10.71%	
Coverholder (Ins. MGA)	245.0	8.97%	49.8	-	295.0	9.06%	
Criptalia	107.4	10.00%	50.0	-	157.4	10.21%	
Diet to Go (Sottile)	24.8	6.07%	(24.8)	-	-	-	Sold with 23.5K capital loss
EDO	16.5	15.00%	-	(16.5)	-	-	Sold
Eligo	90.0	1.32%	50.0	-	140.0	1.82%	
Epic SIM	346.5	2.88%	20.9	-	367.4	2.93%	
Frescofrigo	60.0	3.33%	50.0	-	110.0	3.90%	
Georadio	12.0	0.45%	48.0	-	60.0	1.62%	
Intertwine	194.7	11.63%	-	(194.7)	-	-	Write-off
Lin Up	-	-	292.0	-	292.0	4.70%	DM's stake in Eclettica
Moneymour	180.8	14.70%	(180.8)	-	-	-	sold
Quomi	2.9	7.06%	151.0	-	153.9	11.47%	
New investments			1,188		1,188		13 companies see above
Total other companies	5,736		519.0	(218.0)	6,037		42 companies
Grand Total	13,693		2,102	(1,938)	13,857		EUR 2,397K gross investment EUR 296K divestments

Source: Company data



Exits

The main transaction of DM to date took place in October 2018 and involved the sale of 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 was the only one of that year but the EUR 3.2m capital gain still accounts for four fifths of the cumulated capital gains of 15 exits to date.

There were no major stake sales during 2019. DM carried out a series of small transactions including the sale of the entire participation (2.29%) in **Wikire** for EUR 53K (implying a 20% capital gain), the sale of 7.5% (out of 22.5% previously held) of **NCore** at book value to the company founders according to existing agreements, and the sale of 3.1% stake in **Yoagents** for EUR 50K (in line with BV) to let a new shareholder enter the capital of the company.

In FY 2020, DM completed 7 total or partial exits for a total cash-in of EUR 740K, with a reported EUR 380K contribution to the P&L. The main deal was the sale of the entire 13.8% stake in **Moneymour** to the European fintech group Klarna announced on February 12, 2020. Moneymour, which operates a platform for instant lending, was incorporated in February 2018 and was part of the DM's Magic Wand fintech/insurtech program in the same year. DM secured from the sale a consideration of EUR 482K and EUR 303K capital gain implying 3x the investment and obtaining an IRR of c 100%. In the second half of the year, DM got a EUR 275K special dividend related to the exit from Brandon Group, which was indirectly part of its portfolio through the associate WithFounders (which in turn owned 6% of the start-up). Brandon Group made a EUR 5m financing round with CDP Venture Capital as lead investor together with Primomiglio and Vulcano, which bought out the stake of minority shareholders including Withfounders. The latter distributed a special dividend, of which DM got EUR 275K based on its 30% stake. During the year DM also sold at book values its stakes in EDO, Tripoow, Private Brokers and Powerme, and its stakes in AR Studio, Sottile Srl (Diet to Go) at token values for a total capital loss of EUR 0.11m.

The write-downs totalled EUR 1.94m, EUR 0.76m related to the complete write-off of Digital Bees (which went into liquidation), EUR 0.74m to Withfounders EUR 0.2m to Sharide and EUR 0.19m to Intertwine.

Main funding rounds

In FY 2020 DM, invested in 15 new startups and in 14 follow-ons a total of EUR 1.4m and 1.2m respectively. The company said that thanks to third party investors, its Portfolio Companies collected in total EUR 27.45m (10x multiplier, including EUR 21.8m new investments and EUR 5.7m follow-ons), which accounts for 4% of the aggregated Italian start-up fundraising last year. DM said in that during last year it structured and completed 27 rounds of Seed and pre-Series A deals (70% of total deals completed by the company) for an aggregated collection of EUR 12m and an average ticket of EUR 0.5m. The main deals were Talent Garden (EUR 9.2m) and Buzzoole (EUR 5m).

The historical partner StarTIP (endowed with EUR 100m funds) provided a boost since the beginning of 2018 with the investments in Talent Garden, Buzzoole and Centy and contributed further EUR 1.7m in 2020 in Buzzoole. The main boost to the Start-up funding came from **CDP Venture Capital SGR**- Fondo Nazionale Innovazione which participated to financing rounds in 15 portfolio companies for a total of EUR 14.1m through Fondo Acceleratori and Fondo Italia Venture II.

The support from CDP VC in early-stage financing to specialized operators represents a strong discontinuity from the past and offers a pivot for the Italian ecosystem to catch-up with other European countries. We note that CDP was also active with other operators such as L-Venture (EUR 2.46m invested in 10 start-ups) and e-Novia.

The start-ups involved in the co-investment agreement are AWorld, Axieme, Bikeroom, Buzzoole, Crea Assicurazioni, Criptalia, ELI WMS, GrowishPay, Plurima, FrescoFrigo, Surgiq, Volumeet, Wenda and XoKo. DM also disclosed that in these 15 rounds were involved EUR 4.2m from other institutional and professional investors, and EUR 0.56m from the companies' founders.



DM also activated and secured for its innovative startups a series of public funds made available by the Italian Ministry for Economic Development (MISE); in particular the “Smart & Start” initiative provided a total of EUR 5m financing between subsidized financing and non-repayable loans.

As said above, the largest funding event involved once again **Talent Garden**. The company had completed in March 2019 a EUR 44m financing round (of which EUR 23m in equity) which valued the company some EUR 85m pre-money and was led by StarTIP. The 2016 round (EUR 6m) had valued TAG EUR 18m. Given the terms of the previous financing, DM (which had sold in Q2 2018 half of its stake and did not take part in the new capital increase) was not diluted following the 2019 round.

TAG completed a new financing round at the end of 2020, which involved EUR 9.2m injected by CDP Venture Capital and the Marzotto family office in the form of convertible instruments based on the last post-money valuation. The CDP investment is conditioned to the utilization in the South of Italy as it is mainly coming from the “seed for south program” and will be conferred to a dedicated subsidiary “TAG Med”; this collaboration takes the place of the original plan of opening an Italian innovation hub in the Silicon Valley as announced three years ago.

Brandon Group completed a EUR 5m funding round CDP Venture Capital as lead investor together with the other largest shareholders Primomiglio and Vulcano, which bought out the stake of minority shareholders including Withfounders (of which DM owns a 30% stake). Brandon is now out of DM’s company portfolio, generating EUR 275K cash-in.

Buzzoole had completed a EUR 2m round at the end of October 2019, subscribed by the company founders, along with the funds Vertis and StarTIP; DM injected EUR 50K and was diluted from around 6% to 3.64%. One year later, in October 2020 a new EUR 5m round was subscribed by CDP Venture Capital SGR, Vertis and StarTIP. DM contributed further EUR 50K and its stake ought to be diluted from 3.88% to 2.4%.

Crea (InsurTech MGA) secured EUR 1.1m in its latest round at the end of 2020, which was co-funded by Step, new industrial partner of the company, and CDP Venture Capital’s “Fondo Acceleratori” (EUR 300K), along with the existing investors (DM, Velocity Technology EIS Fund, Metrica and Roberto Montandon).

Georadio (Loquis) raised EUR 900K in April 2020 through a crowdfunding campaign on Mamacrowd.

Other relevant funding rounds include **Plurima** (EUR 860K), **FrescoFrigo** (EUR 800K raised through CrowdFundMe) and **AWorld** (EUR 590K).

CDP also supported **Growishpay**, **Volumeet**, **Wenda** and **XoKo** by underwriting convertible bonds. Overall, the total contribution of CDP within the September 2020 co-financing agreement was in the region of EUR 1.6m, out of EUR 3.5m total funding (DM’s quote was EUR 300K).

Main funding rounds (with external investors) 2019/21

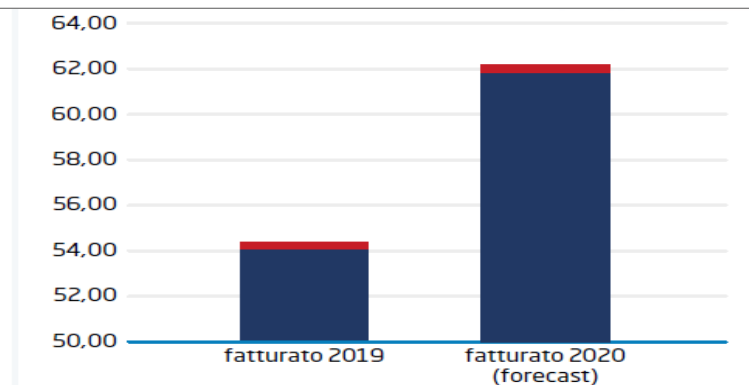
	Date	Total funding (EUR m)	o/w DM	Impl. valuation Pre/post money	DM stake pre/post financing
2019					
Macingo	2019	0.3	0.152	4.0/4.3	3.64%/7.95%
Yo agent	Jan 2019	0.160	0.129	2.62/2.78	60.72%/63.73%
Wonderstore	Jan 2019	0.07	0.030	na/2.2	21.5%/24.42%
Coverholder	Mar 2019	0.350	0.052	3.5/3.85	9.27%/9.06%
Talent Garden	Mar 2019	23.0	0	108	9.22%/9.22%
Diamantech	Mar 2019	0.417	na	3.0/3.5	7.89%/8.35%
Moneymour	Apr 2019	0.30	0.100	1.46/1.76	10.00%/14.70%
GrowishPay	Jun 2019	0.714	0	4.25/4.96	37.32%/31.95%
MyCreditService	Jul 2019	0.227	0.077	2.82/3.77	0.30%/5.68%
Buzzoole	Oct 2019	2.0	0.050	7.0/9.0	5.96%/3.64%
2020					
Quomi	Mar 2020	0.204	0.150	2.72/2.92	7.06%/11.47%
AirCNC	Oct 2020	0.275	0	1.13/1.40	18.12%/16.85%
Axieme	Dec 2020	0.447	0.021	3.75/4.20	7.09%/7.09%
Criptalia	Sep 2020	0.500	0.050	3.0/3.5	10.00%/10.21%
ELI WMS	Dec 2020	0.150	0.025	3.0/3.15	20.00%/26.67%
FrescoFrigo	Sep 2020	0.800	0.050	3.5/4.3	3.33%/3.90%
Georadio (Loquis)	Apr 2020	0.991	0.048	3.0/3.991	0.45%/1.62%
InsurTech MGA	Dec 2020	1.116	0.050	6.0/7.1	8.97%/9.06%
2021 closed and ongoing rounds					
HiNelson	early 2021	1.000	na	2.90/3.90	7.15%/na
Hyperloop	Ongoing	(fully diluted)	na	na/581.0	6.36%/3.15%
Buzzoole Holdings	Ongoing	5.000	na	8.0/13.0	3.88%/na
Growishpay	Ongoing	0.305	0.020	4.98/5.29	31.95%/na
Talent Garden	Ongoing	9.200	na	118/127	9.22%/na
Volumeet	Ongoing	0.390	0.043	1.50/1.89	6.11%/na
Xoko	Ongoing	0.215	0.003	2.50/2.72	24.36%/na
iComfort	Ongoing	0.750	na	4.00/4.75	10.00%/na

Source: Company data, Banca Akros estimates

Portfolio snapshot

As per December 31, 2020, DM had in its portfolio of investments 73 operating companies, which, according to DM, generated an aggregated revenue base of EUR 62m, implying a 14% growth at comparable perimeter. Given the exits, the figure is lower than the estimated EUR 78m aggregated revenues of the companies still in the portfolio at the end of 2019 (which was in turn up by 32% Y/Y and by 40% on annual average -CAGR since 2015).

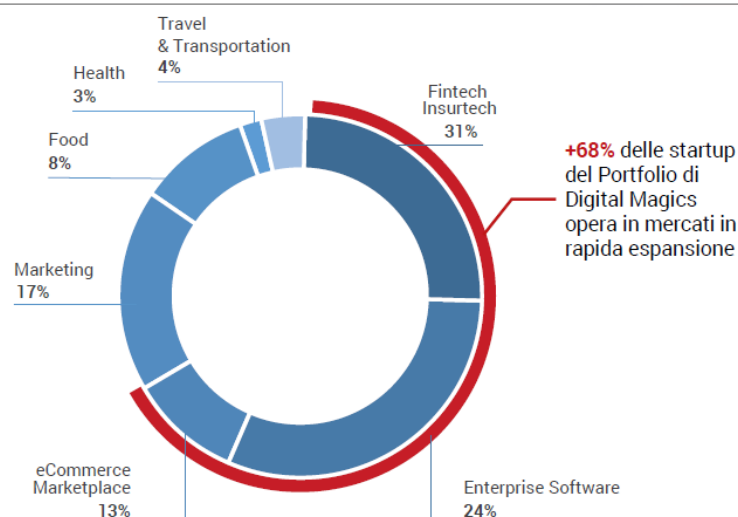
Aggregated revenues of DM's portfolio companies



Source: Digital Magics

Most of the portfolio continues to be composed of Italian incorporated companies that are, however, looking of international expansion (i.e. Talent Garden, Buzzoole, AWorld, some fintech start-ups and Quomi). 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 68% of its start-ups operate in the 3 most promising sectors addressed by VCs. In particular, the proportion of fintech start-up rose to almost one third of the total, vs. one fifth a year ago, while enterprise software remains the second cluster (24% from 30% in 2019), and e-commerce increased slightly in number. The proportion of start-up in Martech and FoodTech declined by 2pp and 4pp Y/Y respectively.

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 (jumpstarter)	2015	2015	340.2	3.14%	Q4 16 (ongoing)	581,000	18,302	33.19%	33.19%
Talent Garden	2014	2014	424.2	9.22%	Q4 20	118,000	10,880	19.73%	52.93%
4W marketplace	2008	2008	1,670.7	61.83%	Q1 19	7,920	4,897	8.88%	61.81%
Livextension	2005	2005	966.3	85.00%	na	2,600	2,210	4.01%	65.82%
Prestiamoci	2013	2013	543.7	12.34%	Q2 21 (ongoing)	15,000	1,851	3.36%	69.18%
Growishpay	2011	2011	1,085.0	31.95%	Q3 20	4,982	1,612	2.92%	72.10%
Yo Agents	2012	2012	1,033.8	49.40%	Q1 19	2,754	1,361	2.47%	74.57%
Cardo	2018	2018	109.7	10.71%	na	8,000	857	1.55%	76.12%
ELI WMS	2018	2018	175.9	26.67%	Q4 20	3,150	840	1.52%	77.64%
Withfounders	2016	2016	99.9	35.00%	na	2,296	804	1.46%	79.10%
Crea (Ins. MGA)	2018	2018	294.6	9.06%	Q4 20 (ongoing)	7,116	645	1.17%	80.27%
Epic SIM	2016	2016	367.4	2.93%	Q4 18	21,000	615	1.12%	81.39%
XoKo	2014	2014	280.4	24.36%	Q4 20 (ongoing)	2,500	609	1.10%	82.49%
Ncore	2017	2017	56.2	15.00%	Q3 18	4,000	600	1.09%	83.58%
Sharide	2005	2005	480.1	100.00%	na	480	480	0.87%	84.45%
Bikeroom	2019	2019	60.0	23.50%	Q4 20 (ongoing)	1,845	434	0.79%	85.24%
iComfort	2019	2019	70.2	10.00%	Q1 21 (ongoing)	4,000	400	0.73%	85.96%
Macingo	2017	2017	212.1	7.95%	Q2 19	5,000	398	0.72%	86.68%
Criptalia	2019	2019	157.4	10.21%	Q3 20	3,500	357	0.65%	87.33%
Plurima	2020	2020	206.5	7.97%	Q3 20	4,460	355	0.64%	87.98%
First 25 cos	-	9,810		85,176		822,723	50,062	90.80%	90.80%
Next 15 cos	-	2,455		29,886		39,764	3,270	5.93%	96.73%
Final 31 cos	-	1,591		41,293		45,260	1,801	3.27%	100.0%
Grand Total	-	13,857		156,356		907,748	55,133	100.0%	100.0%

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

Portfolio detail

Hyperloop

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

Investment. DM is a shareholder in HTT with an indirect participation of 5.77% via its 6.45% stake in Jumpstarter, which in turn owns 89.5% of HTT. The stake is broadly stable Y/Y whole the reduction in 2019 (from 7.78% as per Dec 2018) was the consequence of work for equity and the vesting of stock options at Jumpstarter. DM said that its fully diluted stake based on the outstanding HTT's stock options to employees and warrants to partners, would be 3.14% on a valuation of USD 700m.

Other investors: the main shareholder with 89.5% is Jumpstarter, originally a crowdfunding platform. The CEO of Jumpstarter Dirk Ahlborn is also the Chairman of HTT. Other main investors in HTT are the Chinese fund Edgewater Venture Capital, the DAR Group from Emirates and, recently, Hitachi Rail.

Financing rounds: We estimate that HTT has received to date around USD 50m actual cash funds, plus significant contributions in kinds from different stakeholders resulting in a post-money valuation of USD 450m in the round started in 2016 and completed in a year later.

According to DM's "Portfolio Highlights", during 2020 HTT issued USD 7m in notes to Hitachi Railways, within a broader technological collaboration agreement (see below).

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

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

In early December (2020), HTT announced it has a partnership with the French/global IT/Engineering operator Altran (now part of Capgemini group), which will provide engineering support (100 experts and technicians) in the Toulouse site, to help accelerate the commercial deployment of the HTT project.

A few days later Hitachi Rail and HyperloopTT announced a partnership for in developing cutting-edge technology for signalling traffic management and control systems. Hitachi Rail's ERTMS signalling technology will be integrated with HyperloopTT systems to manage and automate hyperloop capsules traveling at speeds up to 760 MPH (1200 KMH). The adaption and integration of hyperloop capsule signalling will begin at HTT's Research & Development Centre at Aerospace Valley in Toulouse, France. Financial terms of the deals have not been disclosed, in any case the agreement provides support to the technology and to the odds of the viability of Hyperloop as a transportation business. Hitachi Rail signaling technology is used in rail systems throughout USA, Europe, Australia and Asia.

In January 2021, HTT signed a framework agreement with the Spanish infrastructure group Ferrovial, that will allow the two businesses to analyze opportunities on hyperloop projects in the United States. Ferrovial and HyperloopTT would work together on tasks including route development analysis, operation and maintenance for hyperloop technology, engineering and construction work, and operation and maintenance for both passenger and cargo solutions for specific projects within the USA. The framework agreement establishes the principal terms for the companies to identify opportunities to work together in pursuit of specific projects. In 2018, in partnership with HyperloopTT, government officials commissioned a feasibility study for America's first multi-state hyperloop in the Great Lakes "Mega-Region" connecting Chicago, Cleveland, and Pittsburgh. The study, released in December 2019, determined that the technology and route were both feasible.



Results. The actual revenues are still very modest as they are just based on feasibility studies, grants and advertising. It booked USD 0.65m revenues in FY 2017 and we understand that in presence of fewer studies, the FY 2018 results were actually lower while FY 2019 and FY 2020 performance was not disclosed. HTT aims to generate meaningful revenues starting from the year 2022 when the development phase will be completed and some actual implementation will start.

Business Development: 10 agreements with national governments in place. Agreement to build a commercial prototype in Abu Dhabi, construction starting in Q3 2019 originally in order to deliver in time for the 2020 Expo. The latter has been postponed to 2021, so that both development and funding obtained more time to be finalized. HTT relies on 40 patents, 55 trademarks and involves 800 technicians and 50 business partners.

Target Market size trends according to AlliedMarketResearch (June 2017), the market for Hyperloop Technology could be worth USD 1.35bn in 2022, USD 6.3bn in 2026. Verified Market Research estimates a global value of USD 7.32bn in 2027.

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

Virgin Hyperloop One (VHO) was created in 2013 as Hyperloop technology, renamed Hyperloop One in May 2016 and Virgin Hyperloop One with the investment of Virgin Group's founder Richard Branson who became chairman at the end of 2017. VHO said at the time that the total funding since inception reached USD 295m. The reported valuation at that time was around USD 700m. One year later, change in CEO and chairman, with the latter role taken over by Sultan Ahmed bin Sulayem the Chairman and CEO of DP World (Dubai Port authority, a key partner and now the largest investor in VHO). The current planned projects include Pune-Mumbai in India, while the earlier feasibility studies involved the United Arab Emirates, Finland and Sweden, the NL, Switzerland, Moscow, and the UK. VHO planned to raise further USD 225m in a funding round taking place from May 2019, we understand the company managed to obtain between USD 170/200m fresh capital.

In November 2020, Virgin announced the first test with human passengers in a 500m track in the desert of Nevada at 170kph.

Valuation. While the accounting value of HTT stake is just EUR 340K implying <2.5% of DM's total book value and the #10th (12th in 2019) position among the investee companies, HTT is the main asset in DM's portfolio based on the past and ongoing financing rounds.

The implied dilution from the stock option conversion would imply a reduction in the value of DM's stake from EUR 20.3m at the end of 2019 to EUR 18.3m. We keep our more conservative valuation of EUR 16m based on a valuation of HTT in the region of USD 0.3bn.

Talent Garden

Profile. Talent Garden, founded in 2011, is the main European network of co-working spaces dedicated to digital professionals. TAG is currently present in 9 European countries with 23 campuses.

Investment. DM is a shareholder in Talent Garden since 2014 and in October 2018 it has sold part of its stake back to the company founders for EUR 3.6m (EUR 3.2m capital gain). The current stake is 9.22%, unchanged since December 2019.

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. These stakes do not take into account convertible instruments or special shares (see below).

Financing rounds: until the end of 2020, TAG had received EUR 30m in funding, including EUR 6m in 2016 (implied valuation EUR ~18m post-money) and EUR 23m in Q1 2019 (EUR

~108m) in around that also included EUR 21m debt. TAG completed a new financing round at the end of last year, which involved EUR 9.2m injected by CDP Venture Capital and the Marzotto family office in the form of convertible instruments based on the last post-money valuation. The CDP investment is conditioned to the utilization in the South of Italy as it is mainly coming from the “Seed for South program” and will be conferred to a dedicated subsidiary “TAG Med”; this collaboration takes the place of the original plan of opening an Italian innovation hub in the Silicon Valley as announced three years ago.

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 increasing yields. While the EBITDA break-even was met in FY 2017, TAG almost met the EUR 10m revenue level in 2018 and grew by further 70% in 2019, a notable performance however missing the original target of EUR 24m, due to some delays in opening new campuses (26 instead of 30 planned). FY 2020 results have not been disclosed and we would expect a decline in revenues due to the pandemic.

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). In March 2019, TAG opened a new campus in Madrid. The last funding round with CDP and Marzotto Family Office will fund the opening of three new campuses in the south of Italy.

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

Talent Garden highlights

	2015	2016	2017	2018	2019	2020p
Revenues	1.4	4.3	8.7	9.7	16.7	14.3
Locations (Countries/Cities/campuses)	4/14/14	5/15/14	6/16/17	8/18/23	8/na/26	9/na/23
“Members”	650	1,500	2,500	3,500	na	na
SQM	7,450	10,665	16,074	>30,000	na	na

Source: Digital Magics, Banca Akros estimates; 2020 preliminary data

Target Market, size and trends. The flexible office market was basically born in 2010 and was already worth at a global level some USD 26bn in 2019 (Source: TAG). The main driver is the development of the start-up ecosystem, 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. According to thegeniuswork.com publication in October 2019, the global start-up economy was worth USD 3tr in 2019, with a rise of 20% from 2017 and 2018. Moreover, according to ENTRACKER magazine published in February 2019, the number of start-ups in India increased from 7,000 in 2008, to 50,000 in 2018.

We also mention the business opportunities that digitalisation can generate through connections among professionals. In this context, some players have also launched educational programs for digital specialists.

The spread of Covid is obviously having an impact, with co-working spaces (along with most traditional corporate offices) basically deserted across the world for a few months in 2020 and still heavily impacted in the first quarter of 2021. The extent and pace of the normalization process is still difficult to be assessed, however for some time the way of working and living will be different. According to Business 2 Community publication in April 2020, the number of



people working remotely has grown by 44% in the last five years, with 7m people working remotely in the USA before the arrival of COVID-19. The CoVid outbreak only accelerated this trend. We believe that the co-working concept will still be relevant in a post-pandemic world, requiring the re-design of offices, common spaces and facilities.

According to Research&Markets (June 2020) the global coworking spaces market was expected to decline by 11% in 2020 to USD 8.24bn. The market was then expected to recover and reach USD 11.52bn 2023 (11.8% CAGR). Europe was the largest region in the coworking spaces market in 2019.

This report highlights that “the development of sustainable coworking spaces is a major trend shaping the coworking spaces market. Coworking spaces are implementing eco-friendly measures in the workplace to attract entrepreneurs concerned with environmental issues such as global warming. Sustainable practices adopted by the coworking space providers offer substantial benefits and are economically feasible”.

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

Valuation. The book value of EUR 424K (unchanged since Dec 2019) reflects the original acquisition price and compares with EUR 3.6m disposal value for the same number of shares in October 2018. Based on the last founding round, the 9.22% owned is worth close to EUR 10m. We keep our valuation of EUR 8m, since the value creation journey has been significantly delayed by the adverse impact of the pandemic which is not over yet on the reference market.



MAR-TECH/Social Media

The Mar-tech portfolio of DM is currently represented by 12 companies, including 3 new start-ups since 2020. The new names are Unchained Carrot (real time marketing) and Viceversa, a data-driven platform for the management of advertising investments in which DM invested EUR 90K and EUR 100K respectively. DM also invested in two social media start-ups, namely 130K in AWorld (sustainability network) and EUR 22K in A-live (interactive streaming platform).

In FY 2020, DM wrote off its stake in Digital Bees, which went into liquidation with an impact of EUR 0.76m on the P/L including EUR 0.49m book value and other charges. Digital Bees (a digital “video and content facilitator”) was one of the oldest investments in DM (since 2004) which was the main shareholder of with a 78.7% stake. DM also wrote off its stake (11.6%) in the digital content social network Intertwine taking a EUR 195K charge.

The mar-tech sector was affected by the pandemic, reflecting the general economic malaise and the specific impact of advertising expenditures from the industries most impacted by the lock-down such as tourism, leisure, clothing and beverages. We understand that most of the established companies here experienced a revenue decline, against the -2% posted by the Italian digital advertising market least year.

DM: Martech portfolio

Company	Stake	Year funded	Vintage	Business	Business Model	BV (EUR K)	Round value for 100%	Akros Value/To DM
Buzzoole	3.88%	2013	2018	End-to-end platform for influencer marketing	B2B platform	558	8,000 (2020, pre-money)	8,000/310
4W Marketplace	40.28%	2007	2008	Independent advertising network	B2B platform	1,671	5,500 (2019)	5,500/3,400
LixeXtension	85.00%	2005	2017	Social media advertising and management	Communication agency	966	2,600 (old)	1,820/1,550
Leevia	6.51%	2014	2016	Contest with prizes on social networks	B2B platform	7	103 (old)	103/7
AWorld	6.42%	2018	2020	Sustainability-related microservices	B2B app	130	3,290 (2020)	3,290/213
Unchained Carrot	2.00%	2020	2020	Real time marketing	B2C platform	90	4,500 (2020)	4,500/90

Source: Company data, Banca Akros estimates



Buzzoole

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

Investment. DM owns 3.88% of the company, with a book value of EUR 558K (Dec 2020). DM was diluted from previous 5.96% to 3.64% during the financing round of Q4 2019, in which it invested EUR 50K. In the last round of 2020, DM contributed further EUR 50K and increased its stake to 3.88%.

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

Financing rounds: In 2016, Buzzoole closed a EUR 1.75m financing round through a convertible note for an implied valuation of around EUR 6.3m. In another round in 2018 collected EUR 7.8m with a post-money valuation of EUR 18.8m. In October 2020 Buzzoole completed a EUR 2m financing round, subscribed by the company founders and the existing shareholders StarTIP, Vertis SGR and Digital Magics. One year later, on October 30, 2020 the company announced a new EUR 5m round (from a pre-money level of EUR 8m), involving Fondo Italia Venture II of CDP Venture Capital SGR, Vertis SGR and StarTIP.

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

Product development. Buzzoole claims to have an innovative AI platform; in any case it is still investing in R&D and scalability and to further develop the project. Starting from the end of 2019, the company has developed and launched new products in a SaaS mode, including "Discovery" which allows in-house management of Influencer Marketing and "tracker" (March 2021) which tracks IM campaigns in real time.

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% but in the following two years revenues declined double-digit, to around EUR 3.5m (on a group basis) in FY 2020. We understand the company has faced a highly competitive environment abroad and has reconsidered its international activities and expansion plans, refocussing its business on Italy and on the technological platform.

Buzzoole (Italian branch only)

EURm	2015	2016	2017	2018	2019	2020
Sales	1.07	2.30	3.36	3.19	3.05	na
Total turnover	1.21	3.13	4.28	5.34	4.49	na
EBITDA	0.11	0.15	(0.61)	(0.61)	(0.51)	na
EBIT	0.01	(0.21)	(1.19)	(1.44)	(1.19)	na

Source: CERVED, Digital Magics, Banca Akros estimates

Valuation. The latest EUR 5m funding round (via convertible equity-like instruments) points to EUR 13m post-money value, which is below the BV (EUR 14.4m), and implies, according to DM's statements (business plan press release on May 19, 2021), a dilution of the company's stake from 3.88% to 2.4%, which leaves the absolute value basically unchanged. Therefore, we cut our valuation of DM's stake from EUR 0.5m to EUR 0.3m.

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 invested EUR 309K in 2019 reaching 40.3% stake (from 32%), which was stable in 2020. DM is the main shareholder of the company; its EUR 1.67m at book value at Dec 2020 (unchanged Y/Y) is also the largest in the DM's portfolio, in which it has been present for above ten years. 4W also sees the direct involvement as executive chairman, of Mr Ronchini founder and CEO of DM.

Other investors: Following the acquisition of Dada's programmatic business, Register.it has become in 2015 the second largest shareholder with 25% of the capital (for an implied valuation of EUR 2.1m of the target). The Italian VC Firm Principia was the third shareholder with 23%. During 2019 4W and its shareholders acquired the participation of Register and Principia, so that the actual stake of DM since the end of 2019 was (implicitly, net of own shares) around 62%.

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

Results. 4W revenues are seen flattish in the region of EUR 7m since 2016 with a decent EBITDA margin and slightly negative EBIT. The net financial position has been positive since 2015, peaking at EUR 2.1m at the end of 2017. During 2019, the NFP turned negative as 4W acquired 35% of its shares (see above) for EUR 2.5m. In 2020, revenues declined by 10%.

4W results (EUR K)

	2016	2017	2018	2019	2020p
Sales	6,930	7,104	6,982	6,782	6,100
Total turnover	7,080	7,268	7,229	7,104	na
EBITDA	694	664	319	280	na
EBIT	112	(121)	(71)	(160)	na
Net debt (cash)	(1,435)	(2,048)	(1,777)	298	na

Source: CERVED, Digital Magics, Banca Akros estimates; 2020 preliminary data

Milestones. In March 2020, 4WM announced the extension of its partnership with OPQ group, a publisher of local newspapers in the north of Italy (Bergamo, Brescia, Como, Sondrio, 10m unique browsers and 70m page views) to develop their digital business and manage the relationships with media center for display and video formats.

In December 2020, 4WM announced it joined, as traffic provider, the data management project "NESSIE" launched by UPA (association of Italian advertisers).

In February 2021, ANSA (40m unique browsers, 226m page views in Jan 2021) announced it renewed the partnership with 4W for the third year as the exclusive manager of most of display and video formats in programmatic mode and in the relationships with media centers and ad agencies. 4W will also support ANSA's internal ad sales on the premium collection.

Valuation. We believe the exit strategy should involve a trade buyer, which could be another larger (domestic or international) advertising operator or a traditional media group. We have cut our valuation to reflect the revenue decline, implying EUR 4.1m vs. previous EUR 4.6m for DM's stake.

LiveXtension

Profile. LiveXtension (LX) is a marketing communications agency, focused on the digital medium, with a focus on social, who applies creativity and innovation to the most traditional media. It combines planning, creativity, and publishing capabilities with an extensive

knowledge of all the techniques of direct response media. LX has created and managed successful campaigns for Smemoranda, Telecom Italia, Study Tours, Seven Invicta, Intesa Sanpaolo, Fastweb, Diffusione Tessile, Disney Television, Sorgenia, Fiat Auto, Despar Nordest, the Huffington Post Italia.

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

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

Results. Following a double-digit growth in 2018, LX suffered a large revenue decline in FY 2019 due to the absence of projects from large clients, which were eventually implemented in 2020, so that the top-line rebounded despite the pandemic.

LiveXtention results

EUR K	2015	2016	2017	2018	2019	2020p
Sales	1,506	1,444	1,949	2,232	873	1,147
Total turnover	1,538	1,458	1.966	2,242	1,184	na
EBITDA	150	(270)	72	176	5	na
Margin	10.0%	neg.	3.7%	7.9%	0.5%	na
EBIT	(145)	(403)	(93)	53	(265)	na

Source: CERVED, Digital Magics, Banca Akros estimates ; 2020 preliminary data

Milestones. In May 2020, LX developed and managed the platform for the first "Italian student fair" in a digital format. In September, LX was chosen by Zanichelli to implement the "#Ciboperlamente" marketing project, being already the reference agency for the publisher. In February 2021, nCore, another portfolio company of DM, chose LX to manage its social media strategy.

Valuation. In presence of a revenue stabilization but lacking new catalysts, we keep our valuation unchanged at EUR 2.2m.

AWorld

Profile. AWorld (Oneabee S.r.l.) operates in the design and implementation of software technologies for tracking, loyalty, reward and behavioural change in sustainability area, via a proprietary social, "gamified" platform. Oneabee has developed AWorld, a platform with the aim of enabling partner companies to inform, train, track and encourage its customers and employees on the issues of environmental, personal and social sustainability, built on a technological infrastructure with microservices of serverless nature, which can be integrated into third-party apps and systems. AWorld consists of two solutions: a) AWorld in Support of ACTNOW (B2C App): developed with the United Nations in support of global campaign against climate change and utilizing gamification techniques to reward virtuous behavior of the users. b) AWorld for Business (B2B) which provides the integration of features and of AWorld content through a SaaS model to allow partner companies to involve and reward their own customers and / or employees for sustainable behaviours.

Investment. DM owns 6.47% of the company. AWorld was one of the finalists of the FinTech Magic Wand program launched by DM in November 2019.

Other investors: The founders hold 85.55% of the company. Other relevant investors (accounting for 6.77% of the capital) are CDP Venture Capital and Oscar di Montigny, Chief Innovation, Sustainability & Value Strategy Officer at Banca Mediolanum.

Financing rounds. The company raised EUR 590K with a convertible loan as part of the co-investment agreement with CDP, based on a post-money value of EUR 3.29m.

Business Model. AWorld distribution models are: (i) B2B, a software as a service (SaaS) model with an initial setup cost and monthly fees; (ii) B2C (the AWorld application in support of ACTNOW), which represents the driver to attract B2B partners. The growth of the B2C userbase, along with the partnership with the UN and visibility for partners within the app will therefore be the main marketing tool: currently, there are no plans for premium subscription models for users, nor advertising. (iii) B2B2C (in progress): partners companies will be able (after paying set up costs and monthly fee) to create within the app premium groups to which invite their employees to use training contents on sustainability issues e monitor their progress. The data generated would then be used for the drafting of ESG reports.

Results. We believe these first years' financial results are not useful to understand the perspectives and the growth potential of this business, as AWorld's platform was launched on September 23, 2020.

AWorld results

EUR K	2018	2019	2020
Sales	282	183	53
Total turnover	282	239	na
EBITDA	43	(34)	na
EBIT	43	21	na

Source: CERVED, Digital Magics, Banca Akros estimates

Valuation. Given the lack of an historical set of data and CDP's validation, we take the post-money valuation as our reference value, which implies EUR 212K value for DM's stake.

Unchained Carrot

Profile. Unchained Carrot is a Dutch startup that offers a suite of reward-based and real time marketing application, based on proprietary technologies (including a blockchain engine) and the integration of third-parties software. Through this suite, companies can arrange engaging marketing strategies to increase loyalty and gather customers' data.

Investment. DM has invested EUR 90K and owns a 2.00% stake.

Business model. The platform allows companies and marketers to create reward-based marketing campaigns easily. Unchained Carrot offers a range of subscription services for a variable monthly fee (from EUR 25 to EUR 99), plus a one-off setup amount between EUR 99 and EUR 249). Furthermore, the company provides, on its website, a set of "experiences" designed for specific purposes or verticals (e.g. e-commerce, franchising and restaurants). The company claims that the blockchain core of the suite ensures higher efficiency compared with other competitors' solutions.

Market. The AI market is experiencing solid growth and is expected to confirm its trend, supported by the increasing adoption of IoT devices and the continuous expansion of cloud-based services on a wide range of verticals, including healthcare, retail, manufacturing, banking, financial and insurance services. According to various sources (PWC, FortuneBusiness, MarketsAndMarkets), the projected CAGR over the next few years is will exceed 30% (31/36%). PWC sees the Media&Advertising subsegment growing even faster (41.5%) over the 2019/26 period, in line with the latest historical data (+43.7% in 2018/19).

Valuation. We value DM's stake (2%) in line with the BV (EUR 90K), for an implied post-money value of EUR 4.5m for 100% of the company.

Leevia

Profile. Leevia is a Digital MarCom start-up specialized in social media marketing. Through its platform, customers can engage their followers in marketing campaigns as testimonials.



Successful features include photo-contests, designed for companies aiming to improve their clients' engagement, and social media awareness tools, to get projects and events "viral".

Investment. DM owns a 6.51% stake (unchanged Y/Y), worth EUR 6.73K at book value at the end of last year (unchanged).

Other investors. The company founders own 70% of the capital (2017).

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

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

Results and targets. Leevia posted EUR 436K revenues in FY 2018, +3% Y/Y, and was just below EUR 700K in 2019 (+61%). In FY 2020, the contraction due to the Covid-19 pandemic was remarkable (-26% Y/Y). 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.

Leevia results (EUR K)

EUR K	2016	2017	2018	2019	2020p
Sales	104	406	433	698	520
Total turnover	111	508	552	750	na
EBITDA	(52)	97	(138)	93	na
EBIT	(64)	60	(198)	19	na

Source: CERVED, Digital Magics, Banca Akros estimates ; 2020 preliminary data

FINTECH

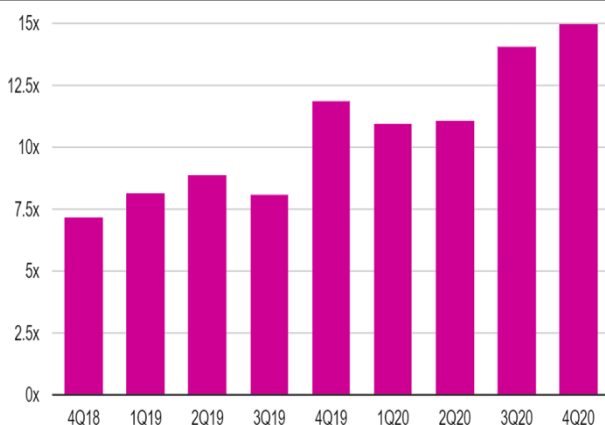
The Fintech and Insurtech cluster include 22 start-ups (31% of the active companies). The 4 newcomers were winners of the 2020 Magic Wand programme; the largest investment was in Amon Card (cryptocurrency wallet platform), with EUR 150K; Affitto Certificato (marketplace for lessors and lessees) and MonAI (AI-based data processor for financial risks' data) were funded with EUR 90K each. Finally, DM invested EUR 77K in Bridge Insurance/ViteSicure (insurance broker).

It is worth recalling the exit from Moneymour, which was sold to the European fintech group Klarna (Feb-2020) for EUR 482K, in the main deal concluded by DM in 2020.

As depicted by PwC in its FinTech Observatory 2020, the Covid-19 pandemic boosted the Fintech activities in all its segments, in particular lending. In Italy, they have levered their agility and their segment-specific focus to help bank in provide SMEs with credit lines: according to ItaliaFintech, in January-May 2020 the total amount provided was 4.5 times higher than 2019, while the number of funded enterprises grew threefold. Moreover, the so-called Supply Chain finance (lending designed for NWC requirements, for example factoring) has better adapted to the sudden shock caused by the Covid-19 crisis: Illimity expects their growth in the region of 7/10% in FY 2020. Strong performances were also recorded among crowdfunding players (total collection EUR 57m in 9M 2020, +26% Y/Y), including the real estate segment.

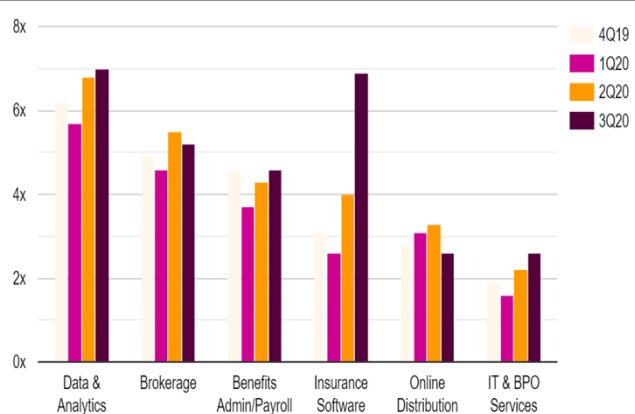
According to CB Insights, investors seem to be keen to pay high premiums for growth in FinTech, even in case of still unprofitable companies. This trend is clearly shown in the chart below. On the other hand, InsurTech multiples have been more stable, with a clear segmentation linked to the activity, except the "rising star" insurance software, which caught data & analytics, doubling its average multiple in less than one year.

FinTech EV/TTM Revenue multiples (Q4 18/Q4 20)



Source: Finerva on SEG data

InsurTech EV/Sales multiples (Q4 19/Q3 20) by activity



Source: Finerva on GCA data



Fintech portfolio

Company	Stake	Year funded	Vintage	Business	Business Model	BV (EUR K)	Round value for 100%	Akros Value/To DM
Prestiamoci	12.34%	2008	2013	Peer to peer lending (personal loans)	B2C/B2B platform	544	15,000 (05/2021)	15,000*/1,880
EPIC SIM	2.93%	2014	2014	Peer to peer lending (professional investors for SMEs)	B2B platform	367	13,400 (12/2018)	21,000/615
ING Project (200 crowd)	3.65%	2013	2017	Equity Crowdfunding platform	B2B/B2C platform	56	2,750 (2017)	2,750/100
GrowishPay	31.95%	2011	2011	Social lending	B2C/B2B platform	1,085	4,982 (09/2020)	4,980/1,612
Crea (Insurtech MGA)	9.06%	2018	2018	Insurtech: digitalization of insurance policy	B2B: Saas platform for insurance brokers	295	7,116 (12/2020)	7,116/645
Axieme	7.09%	2016	2018	Social insurance	B2C platform for mutual insurance coverage	179	4,197 (12/2020)	4,197/298
Plurima	7.97%	2017	2020	Insurtech: non-life insurance distribution.	Proprietary end-to-end Software platform for insurance brokers	207	2,591	2,591/207
Criptalia	10.21%	2018	2020	Peer to peer lending (business loans)	B2B platform	157	3,500	3,500/360
ViteSicure	4.76%	2012	2020	Platform for "self-service" choice of insurance	B2C platform	77	1,920	1,920/91

Source: CERVED, Digital Magics, Banca Akros estimates (*) pre-money value

Prestiamoci

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

Investment. DM is the second largest shareholder of the company with 12.34% stake (unchanged in 2020, 12.53% at the end of 2018, 16.8% at the end of 2017, worth EUR 544K at book value at the end of last year (544K end-2019, 297K end-2018).

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

Financing rounds. In 2017, Prestiamoci closed a EUR 1.6m financing round for a post-money valuation of around EUR 6.1m. A further EUR 2m financing round was completed during 2019, involving existing shareholders. In May 2021, the company approved a new capital increase (undisclosed amount) to be underwritten by an institutional investor for a pre-money value of EUR 15m.

Business Model. The company originates loans and manages payments and collection terms. The lenders, individuals or corporates, can lend EUR 1.5/25k at interest rates between 3.9/10.35% (the avg. yield of the portfolio was 4.8% in 2020) with a maturity between 1 and 6 years. The deals are signed and validated under a digital signature procedure and Prestiamoci directly manages a secondary market for each loan with a maximum size of 5% of total outstanding loan per month. Prestiamoci collects a 1% annual fee on the invested amount to participate to the marketplace, and around 7% (including all services) on the loans received, whilst the mandatory account on the platform and/or the secondary market are free of charges. The company invests along with its clients and has started a securitization business which generates further revenues from the servicing of portfolios.

Results. revenue growth accelerated in 2019 (+150%), definitely more than loan generation (+35%) highlighting the positive impact of repricing, of recurring business and additional revenue streams. In H1 2020, Prestiamoci generated revenues (EUR 1.6m) and loans (EUR 10m) in excess of the whole 2019. For the full year, growth in loans was 210% and with close to EUR 3m the company reached break-even.

Prestiamoci KPIs and results (EUR K)

	2016	2017	2018	2019	2020
Revenues (EUR K)	65	353	610	1,500	2,800
Loans provided in the year (and cum., EUR m)	5e	5.1 (10)	8.1 (17.3)	9 (23)	18.3 (45)
Number of clients, EoP	na	2,075	2,840	4,000	5,600*

Source: Digital Magics, Company Data, Banca Akros estimates (*) as per June 30, 2020

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

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

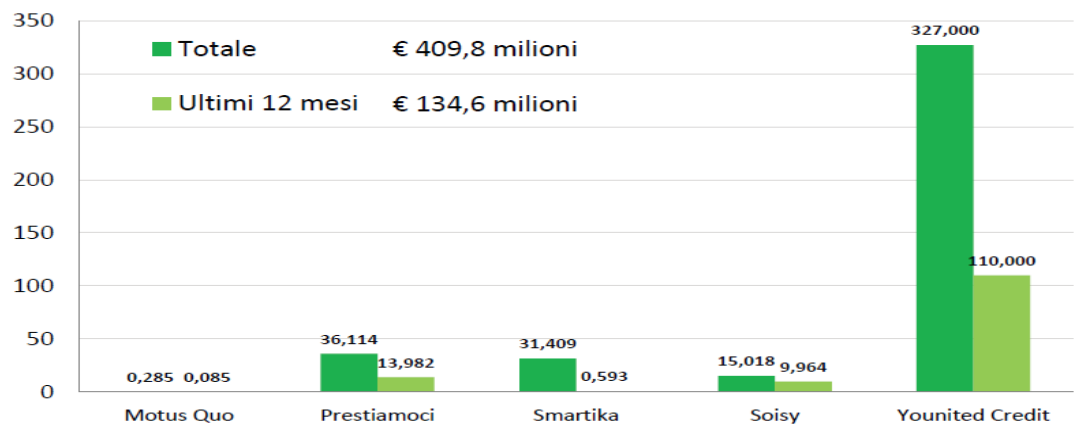
According to Robo.cash, the European P2P lending market peaked in 2019 at a level of EUR 6.0n (from EUR 4.2bn a year earlier) and due to the Covid fell back to EUR 4.3bn in 2020. The perspectives for the current year are in a "neutral case scenario" to come back to the 2019 level or above, at around EUR 6.2bn.

In Italy, according to the Observatory of Politecnico of Milan, the peer-to-peer lending (or lending crowdfunding) market has reached, in the 12 months to June 30, 2020, a collection of EUR 749m (+72% on the previous year, which in turn doubled vs. June 2018), including

EUR 410m personal loans and EUR 339m to corporates. The market is populated by 6 platforms for consumers loans, including Younited Credit (the leader with EUR 110m loans in the 12m to June 2020), Smartika and Soisy.

Targets: Prestiamoci aims to a) grant EUR 200m annual loans, b) obtain 70% financing from institutional investors; c) offer 5.5% avg yield to investors.

Italian lending crowdfunding/consumer segment



Source: Report Crowdfunding 2020, PoliMI

Valuation. Prestiamoci has basically reached its EUR 3m revenue target and is now pointing at EUR 5m in the medium term. We note the FinTech average EV/sales multiple has increased by more than 50% in the last year and half (source: Finerva). On the back of the growth performance and of the capital increase approved in May 2021, based on a pre-money value of EUR 15m, we increase our valuation of DM's stake by 30% to EUR 1.9m.

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 DM's portfolio, at EUR 13.4m based on the investment round of 2016.

Investment. DM first entered in an industrial partnership with Epic in Nov-2014, to support its start-up ecosystem with the equity investment platform of the latter, and later entered the capital taking a 3% share in 2016. The current book value is EUR 367K (+EUR 20K Y/Y).

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

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

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



Results. The actual revenues were still relatively low until recently EPIC posted c EUR 200K in FY 2017 with 6 deals. The 2018 performance was very strong with EUR 1.8m revenues. In FY 2019 the top line halved (EUR 976K), but in FY 2020 was back on track with almost EUR 3m revenues. At the beginning of 2021, Epic and Azimut signed an agreement to establish a NewCo, Azimut Direct (50.1% to Azimut and 49.9% to Epic) which will buy Epic's Fintech and Alternative finance for SMEs activities. The financial terms of the operation, which is subject to regulator's approval, has not been disclosed.

Valuation. The book value of EUR 367K basically reflects the last investment round (EUR 13.4m for 100%). Our previous assessment (EUR 19m for the whole business) was based on the latest round, which dates back to Q4 2018. As we have noted above, the average multiples have almost doubled since then, but we would not yet apply the full rerating to the company, given it still erratic trend in revenues. We increase our value by above 10% to EUR 21m, with DM's stake rising from EUR 570K to EUR 615K.

The ING Project (200 Crowd)

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

Investment. DM entered in INGP in 2017 and converted its participative financial instruments in 3.65% of the capital in early 2018. The book value is around EUR 56K (unchanged since December 2018).

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

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

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

Results. According to DM's Portfolio Highlights, INGP collected a total of EUR 15m till 2019 from EUR 5.1m in 2018. FY 2019 Revenues were estimated in the region of EUR 300K, they were just EUR 100K (2018). Based on Crowdfundingbuzz, we estimate the FY 2020 collection to be in the region of EUR 6m and revenues at EUR 160K.

Market. The equity crowdfunding market in Italy is still small and growing fast, even in a tough year such as 2020. According to the Observatory from Politecnico of Milan, the market was close to EUR 220m cumulated collection from the start in 2014 to the end of last year, with EUR 98m raised in 2020. The first two months of 2021 are also strong with EUR 8.4m collection.

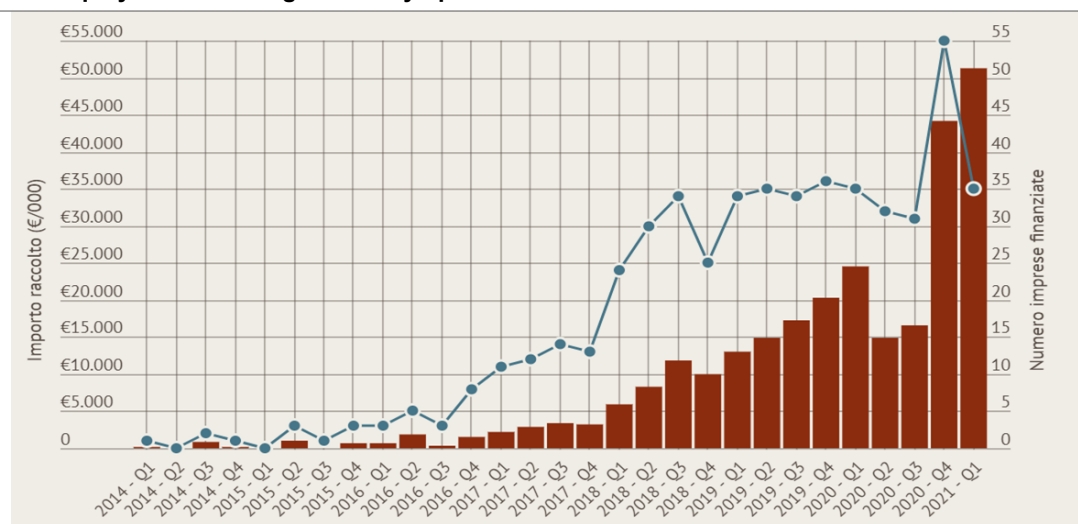
Italian equity crowdfunding market by quarter 2014/2021



Source: Osservatorio Crowdfunding PoliMi (update Feb 2021)

Crowdfundingbuzz albeit with different absolute values, confirm the acceleration in the past few months, with new records hit in Q4 2020 (55 companies) and Q1 2021.

Italian equity crowdfunding market by operator 2014/2021

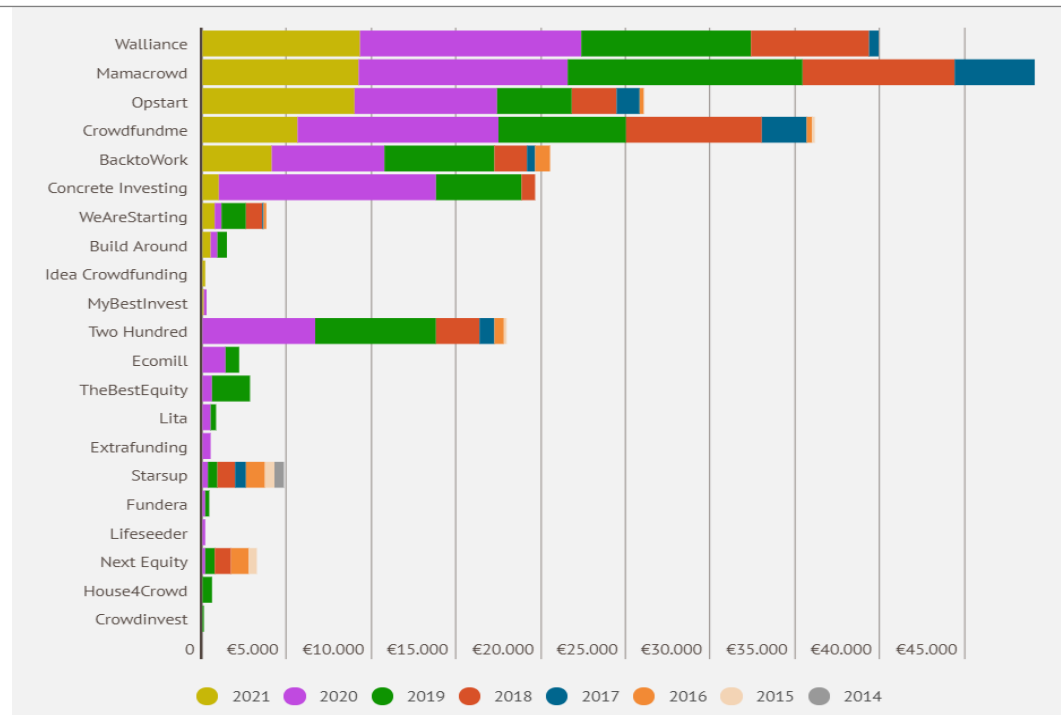


Source: <http://www.crowdfundingbuzz.it>

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 (19,000 investors, 177 start-ups financed in the 12m to Jun 30, 2020 +26% Y/Y) with the entry of several local players such as Mamacrowd, CrowdFundMe, StarsUp, OpStart or WeareStarting.

As at Jun 2020, the market counted 42 digital platforms (Source: Politecnico of Milano), +7 in 12 months, which since inception have cumulated 595 offers (with an average success rate of 72.7%, 75% in the last 12 months). The main 4 platforms account for around 65% of the market, including a real estate crowdfunding platform (Walliance), while 200 Crowd is in fifth position in terms of published projects and seventh on total collection since inception.

Italian equity crowdfunding market by operator 2014/2020 (EURk, as of March 30, 2021)


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

Peers. We note the floatation (March 2019) of the Italian peer Crowdfundme, which raised EUR 2.8m on the AIM market with the placement of 30% of its capital. At the current market cap of EUR 6.3m (vs. EUR 0.74m net cash position) it is currently valued 6.5x FY 2020 revenues (which were up by 106% Y/Y), implying a quick multiplication of turnover expected in the next few years.

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

GrowishPay

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

Investment. DM is a long-time investor in GrowishPay (since 2011) and the book value is the second largest in the portfolio at EUR 1.09m for a 31.95% stake (both unchanged in 2020, while the 2019 financing round led to a dilution from 37.3% at the end of 2018).

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

Financing rounds. GP has collected in July 2019 around EUR 1m, including EUR 571K in equity crowdfunding, EUR 250K from SisalPay (contribution for “Open Innovation” and EUR 152m from other investors. The post-money valuation is almost EUR 5m. The total funding to December 2019 is around EUR 2.3m, including 500K in the first round in 2014, EUR 400K in 2017 and EUR 410K in 2018. In Sept 2020, the latest EUR 305K round was co-funded by CDP Venture Capital through a convertible bond on a pre-money value of EUR 4.98m.



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 main KPIs include EUR 35m transaction since inception to 2020 (EUR 17m in 2018), involving more than 105K users (65K) and around more than 1,000 merchants.

GrowishPay results

EUR K	2015	2016	2017	2018	2019	2020p
Sales	15	29	47	57	146	49
Total turnover	34	69	165	57	425	na
EBITDA	(274)	(126)	(274)	(366)	(289)*	na
Margin	neg	neg	neg	neg	neg	na
EBIT	(363)	(193)	(335)	(400)	(269)	na

Source: CERVED, Digital Magics, Banca Akros estimates (*) excl. EUR 96K "other income" included in total turnover; 2020 preliminary data.

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

Crea (Insurtech MGA)

Profile. Crea (formerly Coverholder) is a Digital Managing General Agent which supports insurance brokers through a SaaS platform that dramatically shortens the time required to subscribe an insurance policy and enhances the risk assessment procedures. It has been operating since 2017.

Investment. DM has invested EUR 295K and owns a 9.06% stake.

Other investors: 76.5% of the company's capital is controlled by the founders and the employees; other investors include STEP (7.87%), an Italian leading solution provider for banking and insurance groups' networks, and CDP Venture Capital.

Funding round: Crea closed its latest funding round in Jan-2021 raising more than EUR 2m with a post-money valuation of EUR 7.1m.

Business model. Crea's services are mainly B2B or B2B2C. The company runs a SaaS platform based on a proprietary language (Policy Builder Language) which allows the complete digitization of an insurance policy and the related information. In addition, a machine learning algorithm is able to build a database to better assess the insured's risks and to automate many related tasks. Thus, the company claims that it is able to reduce the time needed for the digitization of the product to just 5 days (from 2 months) and that for the policy issue from a few weeks to 15 minutes. The revenue model is fee-based and related to the amount of the insurance premiums.

Milestones. Crea plans to widen its broker networks, to expand into the bancassurance segment, mainly by leveraging the industrial partnership with STEP, and to reach new geographic markets in Europe and overseas.

Results. The company has already developed 40 "digital insurance products" and is working on further 12. It has about 760 registered brokers, of which 332 recruited in FY 2020 (+96% Y/Y). In FY 2020, the gross premiums were EUR 7.4m; gross revenues EUR 2m and net revenues EUR 0.77m. The gross premium in Q1 2021 were EUR 2.2m (+21% Y/Y).

Crea results

	Digital insurance products	Registered brokers	Active brokers	Issued policies	Cumulative issued policies	Gross premiums (EURm)	Gross revenues (EURm)
FY 2019	31 (+15 in progress)	541	302	17K	39K	7.1	1.8
FY 2020	40 (+12 in progress)	760	330	11K	50K	7.4	2.0

Source: CERVED, Digital Magics, Banca Akros estimates

Market. In a recently published research, Juniper expects the global premium generated by insurtech companies to double by 2023, reaching a penetration of around 8% (USD 556bn) of the global issued premiums.

The “new needs” (such as accessibility, speed and customization) arising from the new Millennial customers, that are entering the insurance market, are drawing the attention of the incumbent players. Indeed, the “digital consumer” is expected to increase its penetration in the insurance market from the current 30% to nearly 90% by 2030 (Source: Italian Insurtech Association). In this scenario, insurtech companies may act as both “enablers” and “disruptors” of the traditional market: the incumbents have been addressing this challenge through a range of initiatives, including “Innovation labs” (internally built teams), “Venture buildings” (“promoted” development of external companies), “Acceleration programmes” (start-ups supported with financial and managerial know-how) and “Corporate venture” (direct investment in well-established initiatives).

According to the Efma 2019 report, approx. USD 6.8bn (+62% Y/Y) were invested in 250 insurtech funding rounds, of which only EUR 900m in Europe. According to the Italian Insurtech Association, the Italian insurtech market is still in its infancy: apart from Prima.it (which concluded a EUR 100m round in 2018) and Bene Assicurazioni (a “phygital” insurance company), no other relevant projects have taken off. Nevertheless, between 2010 and 2019, the insurtech projects grew by 255% and about 40 companies are currently operating.

Valuation. The latest funding round was closed in January 2021 with a post-money value of EUR 7.1m validated by the co-funding from the new industrial partner. We take this value as a reference and we adjust DM’s stake accordingly from EUR 0.47m to EUR 0.64m (+37%).

Axieme

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

Investment. DM acquired a 5.89% stake in Axieme in 2018, for an investment of EUR 108K. During 2019, DM invested further EUR 50K, reaching 7.09% stake at the end of December (EUR 158K book value). The stake and book value have not changed in 2020.

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

Financing round: In 2019, Axieme completed a EUR 500K funding round on the 200Crowd platform, for a post-money valuation of EUR 2.5m. In September 2020, thanks to the Accelerora’s investment, Axieme raised further EUR 447K in September 2020 pointing at a EUR 4.2m post-money value.

Business Model. Axieme is an insurance broker, which distributes insurance companies’ products through its platform. The business model includes three activities: B2C, i.e. the sale

to end user: fees are collected from the insurance companies; B2B: the platform is offered to a distribution partner (banks, agencies or companies which aim to offer welfare benefits or insurance protection to their customers and employees) against a subscription fee; revenues are shared between Axieme and the distribution partner; B2Insurer: a kind of B2B model designed for professional insurance broker.

Results: Axieme increased its turnover by 18x in FY 2019, having secured 6 insurance partners, and 1,500 retail customers. The company said it has in place pre-contracts with 2 retailers, 1 energy company and 1 bank. In FY 2020, revenue rose by further 51%.

Axieme results

EUR K	2017	2018	2019	2020p
Sales	1	5	86	130
Total turnover	1	70	146	na
EBITDA	(16)	(35)	16	na
EBIT	(30)	(82)	(88)	na

Source: CERVED, Digital Magics, Banca Akros estimates; 2020 preliminary data

Market: According to Insuranceeurope.eu, the European insurance market was worth more than EUR 1,250bn (gross written premiums) in 2019 (+4.5% Y/Y excluding the UK), of which 56% life, 33% property-casualty and 12% health. The Italian market (2019 IVASS figures) accounts for around EUR 140bn in premiums and EUR 12bn in commission for brokers and agents. As regards distribution channel, non-life segment is characterized by a large penetration of agents (75%), whereas the life segment is dominated by bancassurance (75%).

Valuation. CDP's co-investment validates the post-money value of EUR 4.2m, which implies DM's stake is worth EUR 300K.

Plurima

Profile. Plurima is a B2B insurtech company, founded in 2017 and active since 2019, which manages distributes and provides insurance products through a proprietary end-to-end Software platform dedicated to insurance brokers. The mission is to assist agents brokers and other middlemen with the automatization of bureaucratic procedures for all the steps of the provision of insurance product, so that they can broaden the range and better personalize the products offered to the final customer.

Investment. Plurima was among the finalists of the last Magic Wand acceleration program on Fintech/Insurtech. DM acquired 7.97% of the capital during 2020 with an investment of EUR 206K.

Other investors: The company's founders own 79.5% of the capital, CDP 6.73% and other investors 5.84%.

Financing round: The last round, completed in September 2020, raised EUR 1m for a post-money valuation of EUR 4.5m.

Business Model. Plurima's Revenue Model is based on the active commissions it receives from insurance companies, calculated as a percentage of the policies issued. The main intermediated products are: 1) Car insurance, with an average value per policy of EUR 350 and an average commission of 10%; 2) Non-car insurance, with a policy value of EUR 500 and a commission of 25%; on top of these there are consulting fees of 3% on the premium paid which are applied by the broker and paid by the final customer. Plurima pays part of the active commissions back to the broker based on the peculiar collaboration agreement.

Results: Plurima generated a turnover of around EUR 100K in FY 2019, stable Y/Y and was back to growth in FY 2020. According to DM's investment highlights published in September 2020, Plurima dealt at that date with 125 active brokers, 36 insurance companies, with a total of 1.6K policies issued.



Plurima results

EUR K	2018	2019	2020
Sales	108	100	131
Total turnover	109	170	Na
EBITDA	(40)	(24)	Na
EBIT	31	(15)	Na

Source: CERVED, Digital Magics, Banca Akros estimates

Targets. Plurima aims to create a network of independent insurance brokers; as of September 2020, it had around 600 registered brokers, including 125 which have signed a distribution agreement. The target is to reach 1,000 active brokers in 24 months.

Market: according to IVASS annual report 2020, the total of non-life insurance policies in 2019 was EUR 34.3bn, up by 3% Y/Y.

Valuation. In early 2020, DM invested EUR 207K for a 7.97% stake, implying a 100% value of EUR 2.59m. The last 1m round points to a post-money value of EUR 4.5m (EUR 356K for DM).

Criptalia

Profile. Criptalia is a Fintech start-up which develops and manages a regulated P2P crowdlending platform. Based on the blockchain technology (in particular Bitcoin and Ethereum protocols), it is designed to offer a decentralized way to provide and raise financing, mainly for SMEs.

Investment. Since Oct- 2019, DM has invested EUR 157K and currently has a 10.21% stake.

Other investors: 75.6% of the company's capital is controlled by the founders; other investors account for the remaining 14.2%.

Funding round: in October 2020, the company raised EUR 650K, subscribed by DM and CDP Venture Capital SGR (Fondo Nazionale Innovazione).

Business model. The platform is based on Bitcoin and Ethereum protocols ("permissionless blockchain") and is fully compliant to the MIFID II regulation. It operates according to a "direct model": on the marketplace, SMEs can add their funding requests, setting a minimum objective and providing a short description of the projects to be funded. Lenders can subscribe to the platform for free and can invest a minimum of EUR 20, whereas the maximum amount per individual is set by the company. The interest rate ranges between 7% and 9%; no fees are charged for the subscription and the trade on the secondary market. If the projects raise at least the minimum amount, the borrowers pay Criptalia a success fee between 3% and 6% (depending on the project).

Milestones. The company plans to launch the platform in Spain and to reach EUR 20m total financing by the end of 2021, with target revenues of EUR 1.2m.

Results. Criptalia's platform came into operation in early-2020. At the end of the year, 23 projects were financed, with around EUR 2.3m raised and EUR 107K revenues. In Q1 21, 21 further projects were closed successfully, with EUR 3m raised and EUR 140K revenues for Criptalia; more than 2,100 active investors are currently subscribed.

Criptalia results

EUR K	2019	2020
Sales	12	107
Total turnover	173	na
EBITDA	(133)*	na
EBIT	27	na

Source: CERVED, Digital Magics, Banca Akros estimates (*) excl. EUR 161K "other income" included in total turnover.

Market. According to the Crowdfunding report by the Politecnico of Milan (October 2020), the all-time collection of the crowdlending platforms in Italy reached EUR 749m in H1 2020 (vs. EUR 435m at the end of 2019). In particular, despite the Covid-19 pandemic, the crowdlending funding was up by 52% Y/Y in H1 2020. Overall, consumer and business segment accounted for 55% and 45% of the total funds respectively. In particular, the report highlights the strong dynamics of the latter: out of EUR 339m raised, EUR 180m were collected in 2019 (+113% Y/Y).

As at June 30, 2020, 17 platforms were operating, of which 6 in the "consumer lending" segment and 11 in the "business" segment. The latter is dominated by Credimi Futuro (EUR 99m), BorsadelCredito (EUR 90m) and October (EUR 77m), but it is worth noting that the two largest platforms raise funds among institutional investors only.

The Politecnico di Milano's Observatory expects the total funding to be around EUR 140m and EUR 230m in the consumer and business segment respectively over the period July 2020/June 2021.

Among the main drivers, we mention the supportive fiscal regulation: indeed, since 2018, the interest on P2P loans are subject to the 26% tax rate like other financial investments (previously, they were subject to the personal income tax). Moreover, the "social lending" is classified as an eligible asset for the (tax-free) "qualified investments" within the PIR portfolios. The main downsides remain the lack of transparency and standards as regards the non-performing loans disclosure and the possible competition of equity crowdfunding, which might lever a certain "regulatory arbitrage" between the two forms of crowdfunding.

Valuation. According to DM's portfolio highlights (March 2021), the latest funding round was worth EUR 500K, for a post-money value of EUR 3.5m. We deem this valuation reliable, validated by CDP's investment: accordingly, we value DM's stake EUR 360K.

ViteSicure (Bridge Insurance Services)

Profile. Founded in 2012, Bridge Insurance Services (BIS) is the only Italian Insurtech company specialized in the Life segment. It mainly addresses "vulnerable" families, who have low savings rate, are more exposed to the risks of death, injury and illness and are usually disregarded by the insurance companies that mainly sells investment-like life policies.

Investment. DM has invested EUR 77K and owns a 4.80% stake.

Other investors: 72.1% of the company's capital is controlled by the founders Eleonora del Vento and Alessandro Turra. They both worked in Royal Insurance and supported the first ever car insurance policy sold on-line in 1995. Other investors account for the remaining 23.1%.

Funding round: ViteSicure raised EUR 157K in its latest funding round in 2020.

Business model. BIS runs ViteSicure, a cloud-based platform which gets in touch with potential customers through a digital marketing funnel and creates a sort of "dialogue" around their issues. Then, the platform is able to provide solutions with a range of tools (like the "Protection calculator" and an ad-hoc digital customer service). The policies sold by ViteSicure are issued by RGA, a leading reinsurance company in mortality risk. Currently, BIS's business model is only B2C. The company's revenues are based on acquisition fees



and a recurring fee paid on a yearly basis over the entire life of the policy. They are both paid by the insurance company.

Milestones. BIS aims at launching new products to provide families with a more comprehensive offer and to reach the “Senior insurance” target. It also plans to widen its business model through a B2B2C channel.

Results. FY 2020 revenues were EUR 97K, growing almost fourfold vs. the previous year. The policies issued have an average price of EUR 323 and yield on average EUR 160 in fees in the first year and EUR 63 p.a. on the following years. The total amount of gross premiums issued is above EUR 5.1m and implies about EUR 1.04m cumulative fees. The commercial development is promising: the policies sold in Q1 2021 were already equal to half of the policies sold in 2020.

ViteSicure results

EUR K	2017	2018	2019	2020
Sales	26	27	16	97
Total turnover	46	33	16	na
EBITDA	(49)*	5	(39)	na
EBIT	(46)	(1)	(66)	na

Source: CERVED, Digital Magics, Banca Akros estimates (*) excl. EUR 20K “other income” included in total turnover.

Market. According to ANIA, in 2020 the total collection of life and property & liability insurance came in at EUR 135bn, -4% Y/Y. In particular, life insurance premiums declined by 4.4%, although they rebounded throughout the year from the trough experienced in the first half (-10% Y/Y). However, it is worth noting that most of the life policies are related to savings and investment objectives, or to pension schemes. ViteSicure’s Total Addressable Market (TAM) in Italy is equal to 24.6m of families, of which 14.6m are included in the actual Served Available Market (SAM).

Valuation. DM’s first investment (4.8% stake for EUR 77.4K in early-2020) implied a value of EUR 1.63m for 100% of the company. The latest round post-money valuation has grown slightly to EUR 1.92m.



Enterprise SW/Logistic/Foodtech

Within this cluster, we have grouped some of the remaining relevant holdings.

Logistic and enterprise software companies

Company	Stake	Year funded	Vintage	Business	Business Model	BV (EUR K)	Round value for 100%	Akros Value/To DM
nCore	15.00%	2017	2017	HR recruitment software	B2B platform	56K	4,000 (09/2018)	4,000/600
iComfort	10.00%	na	2019	IoT platform	B2B platform	70K	4,000 (old)	4,000/400
Sinapsi	27.00%	2006	2013	Open-source sw-based solutions	System integrator	212K	784 (old)	784/212
YoAgents	49.40%	2012	2012	Distributed network of sales representatives	B2B platform	1,034K	2,754 (01/2019)	2,754/1,360
Xoko/Hotelbrand	24.36%	2014	2014	Analysis and comparison of prices and reviews of tourist facilities	B2B software	280K	2,715 (ongoing)	410/100
Macingo	7.95%	2014	2017	Transportation online marketplace	B2B/B2C platform	212K	4,300 (06/2019)	4,300/400
Eli WMS	26.67%	2017	2018	Cloud SW for warehouse management	B2B cloud software	176K	3,150 (12/2020)	3,150/840
Wenda	3.28%	2014	2019	IoT platform for food supply chain management	B2B platform	96K	3,244 (ongoing)	2,670/168
SurgiQ	3.08%	2016	2020	Planning of hospital resources	B2B software	100K	3,247 (2020)	3,247/100
Softmining	10.00%	2019	2019	Data mining for biomedical and pharma research	B2B software	81K	815 (01/2019)	815/81
Foodquote	13.18%	2014	2015	Local and characteristic food marketplace	B2C platform	290K	10,000 (05/2021)	10,000/505
Quomi	11.47%	2014	2015	Meal kit delivery	B2C platform	154K	5,000 (2020)	5,000/575
Frescofrigo	3.90%	2018	2019	Vending machines for healthy and fresh food	B2B physical "delivery point"	110K	4,300 (09/2020)	4,300/168
HiNelson	7.15%	2017	2019	Platform for nautical products	B2B/B2C platform	106K	3,900 (ongoing)	3,900/280
Eligo	1.82%	2016	2019	Netowrk for custom made suits and shirts	B2C platform	140K	7,692 (09/2019)	7,692/140

Source: CERVED, Digital Magics, Banca Akros estimates

We provide below a matrix-like view of valuation from two standpoints, i.e. the end market or vertical addressed and the solution offered.

Product / Solution	End market / Vertical				Comparables and multiples
	Logistics	Enterprise	HealthTech	FoodTech	
Software		nCore iComfort Sinapsi	SurgiQ Softmining		Workday* (EV/sales 12.1x) Expert System* (EV/sales 4.1x)
Platform	Macingo WMS Wenda	YoAgents Hotelbrand		Foodscovery	Tableau+ (EV/sales 11.7x) Splunk* (EV/sales 8.6x)
Physical products				Quomi Frescofrigo	
Comparables and multiples	Coyote Logistics+ (EV/sales 1.7x) Freightquote+ (EV/sales 2.9x)	SAP* (EV/sales 5.6x)* Oracle* (EV/sales 6.3x)* Reply* (EV/sales 5.3x)*	AthenaHealth+ (EV/sales 4.2x) Compugroup+ (EV/sales 4.5x) TruvenHealth+ (EV/sales 5.3x)	Deliveroo* (EV/sales 2.2x) JustEat* (EV/sales 3.3x) GrubHub* (EV/sales 3.1x)	

(*) trading multiples (+) M&A deal

We finally provide a glimpse on the valuation of the FoodTech segment, as Digital Magics has now at least two different companies that are approaching the scale-up phase.

M&A deals in foodtech

Bidder	Target	Deal ann	Country/Cur	Deal Value	Economics/multiples
Take Away	Just Eat	Jan 2020	UK/GBP	6.2bn	All stock offer 4.2x EV/Sales (FY20e)
Just Eat	GrubHub	June 2020	NL/USD	7.3bn	3.5x EV/Sales (FY21e)
Uber	PostMates	Nov 2020	USA/USD	2.65bn	>6x EV/Sales 2019

Source: Bloomberg, Banca Akros estimates

Listed companies

Company	Country/Cur	Mkt cap	Revs 2021e	EBITDA mg	EV/Sales		P/BV 2021
					2021	2022	
Deliveroo	UK/GBP	3,912	1,599	neg	2.2	1.9	na
Just Eat	NL/EUR	13,584	4,135	neg	3.3	2.6	1.6
GrubHub	USA/USD	6,624	2,213	9.6%	3.1	2.7	4.3

Source: Bloomberg data as at April 23, 2021, Banca Akros estimates

Foodquote

Foodquote manages the food delivery platform Foodscovary, a B2C marketplace focused on local and artisanal products.

Up to 2020, DM had invested EUR 290K and currently has a 13.2% stake. SEIF (Società Editoriale Il Fatto) used to own 34% of the company, before it sold it to Intesa Sanpaolo in November 2020.

We understand that the Foodscovary platform had been sold to Gilda srl, a food logistic company, and Foodquote is now a holding company that manages the 38.3% stake it received in exchange.

According to MF, Mediaset invested in Gilda through Media4Venture in December 2020. The latter received a 10.3% stake paid in kind through marketing activities. This industrial agreement, as well as the integration of Foodscovary, has been managed by the Di Cosimo group, an Italian player engaged in food & beverage logistics, and aims at transform Foodscovary into a leading B2B player.

Gilda's value (as disclosed by DM in the press release attached to the presentation of the 2025 business plan) stands at EUR 10m. DM's stake (5.05% on a fully-diluted basis owned through Foodquote) is worth EUR 0.5m, which is a clear boost to Foodquote's stand-alone value compared with our previous assessment (EUR 290K based on 2019 BV).

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 has owned 7.06% of the company since 2015 with a book value of EUR 2.9K (unchanged in 2019). In FY 2020, DM invested further EUR 151K and increased its stake to 11.5%

Other investors: Quomi's founders (formerly at Zalando) control 29.6% of the company, other investors 59%.

Financing rounds. The financing round in October 2017 collected EUR 650K implying EUR 2m post-money. In 2019 it collected further EUR 200K at the same valuation (EUR 2.2m post-money). According to DM's Investment Highlights, there is an ongoing round of EUR 1m, which will lead to a post-money valuation of EUR 5m.

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. Following a modest growth in 2019 revenues almost doubled in 2020 and are estimated to increase by further 60% this year.

Quomi results

EUR K	2017	2018	2019	2020p	2021e
Sales	245	416	453	803	1,300
Total turnover	247	527	576	na	na
EBITDA	(273)	(428)	(200)	na	na
EBIT	(292)	(526)	(350)	na	na

Source: CERVED, Digital Magics, Banca Akros estimates; 2020 preliminary results

Valuation. The latest funding round points at a post-money value of EUR 5m. Although it implies a richer multiple than the average (EV/sales around 2-3x), we believe it is reasonable given Quomi's steeper growth trajectory compared with the players we have selected. We therefore upgrade our valuation of DM's stake to EUR 300K from EUR 150K.

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 by up to 50% and reduce CO2 emissions, vs. traditional operators.

Investment. DM has invested EUR 212K and owns a 7.95% stake.

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

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

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

Results. Revenues are growing at remarkably high rate (CAGR of 86% over the 2016/20 period). In 2020, Macingo received 249 requests (vs. 151K in 2019 and 132K in 2018). The historical conversion rate has been in the region of 8% in 2017/19 period.

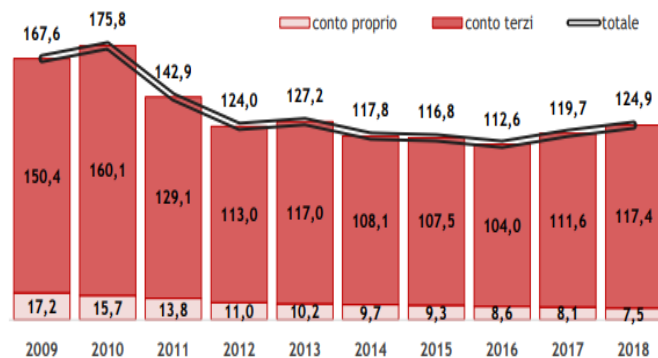
Macingo KPIs and results (EUR K)

	2016	2017	2018	2019	2020
Revenues (EUR K)	141	267	500	1,140	1,700
Turnover generated by carriers (cum., EUR m)	na	3.2m	6.9m	13.5m	na

Source: Digital Magics, Company Data

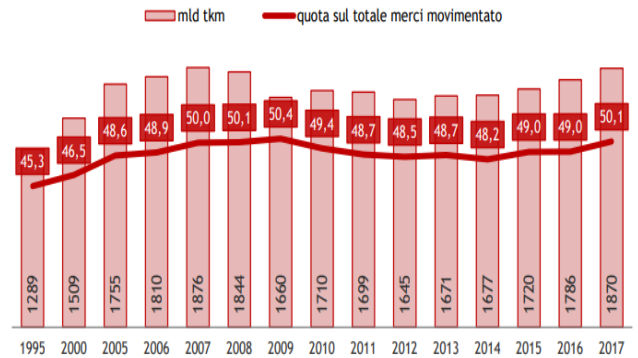
Market. the Italian road transport market is worth about EUR 8bn with about 113K carriers, 80% of which are both owners and drivers (*padroncini*). According to ISTAT, after a steep decline (-31%) between 2008/12, the market hovered at approximately 115bn t-km, before rebounding in 2017/18 (+4.3% in 2018). The impact of the Covid-19 was severe (the whole freight transport was down -18.7% Y/Y, road transport -25.8%), mainly due to the H1 lockdown and, to a lesser extent, the further restrictions enforced in Nov/Dec 2020.

Italian road transport market (bn t-km)



Source: ISTAT

EU28: road transport market



Source: Anfia on Eurostat data

Valuation. Based on the strong results, the above trade deals, and the post-money valuation we confirm our previous value for DMs' stake of EUR 0.4m.

Peer deals

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

Source: Company Data

YoAgents

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

Investment. YA entered in DM's portfolio in 2013. Up to 2019, DM had invested EUR 937K. In 2020, DM poured in some EUR 97K, for a total investment of EUR 1.04m and a 49.4% stake.

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

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

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

Results. YA is still in its early stage of its commercial development. According to its website, it currently manages 1,050 conventions for 50 partners, involving 1,860 “ambassadors”



(agents). Revenues in 2020 reach EUR 370K, +26% Y/Y (just below EUR 300k in FY 2019, EUR 100K in 2018).

Valuation. We are generally positive on the perspectives of this platform. Our valuation is in line with the implied value from the above financing round. We have adjusted the value for DM's stake to EUR 1.36m vs. EUR 1.42m to factor in the slight dilution (49.4% from 51.3%).

nCore

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

Investments. During 2019, DM sold a 7.5% stake in nCore to the company's founders at nominal value, ending the year with 15% (unchanged as per Dec 31, 2020) The book value is EUR 56K (also unchanged).

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

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

Business model. Launched in January 2018, nCoreHR is the flagship product of the Company. Its points of strength are the management of remote video interviews, and the provision of analysis based on integrated AI techniques. nCoreHR is suitable for enterprises 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 almost reached EUR 0.5m annual revenues and aims to become the leader of the Italian HRTech market and to enter other two markets after the launch in France in 2019.

nCore KPIs and results (EUR K)

	CV received	Job Posting	Videos upload	Licenses sold	ARR	Revenues
2018	4.8K	500	3K	30	36K	nm
2019	1,985K	50K	151K	>1,000	310K	300K
2020p	na	na	na	na	na	480K

Source: Digital Magics, Company Data; 2020 preliminary data.

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

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

Valuation. We take the valuation of the last financing round (EUR 4m for 100%, around EUR 0.6m for DM's stake), which we deem compelling based on trading and M&A multiples (EV/sales between 6x and 12x, see introduction paragraph).



Eli WMS (Warehouse Management System)/OHC Bene

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

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

Investment. DM acquired a 15.49% stake in Eli WMS in 2018, for an investment of EUR 110K. During 2019, DM subscribed to a capital increase, reaching 20% stake with EUR 151K book value at the end of the year. In 2020, the investment increased by further EUR 25K and the stake to 26.67%.

Other investors: The company founders control the remaining 72% of the capital.

Financing round: The company closed a EUR 150K funding round in December 2020, co-financed by DM and CDP's Accelerora, based on a pre-money value of EUR 3m.

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

Results. revenues amounted to EUR 162K in FY 2019, from EUR 62K the previous year.

Market. According to the latest available research (Markets and Markets), the global warehouse management system market was worth USD 2.4 billion in 2020 and is likely to reach USD 5.1bn by 2025, at a CAGR of 16.0%.

Valuation. Based on the steep growth curve and the external validation on the financing round, we value DM's stake around EUR 840K (vs. previous EUR 300K).

Wenda

Profile. Wenda was created in 2014 to develop an Information Management Hub designed for the food supply chain, in order to constantly check the food integrity during its whole travel. The company first focused on wines' supply chain and invested in hardware solutions. In 2018, after the participation in Food Track, an acceleration program held by Maersk (the largest supply vessel operator in the world), Wenda switched to a software project, developing a SaaS platform. Wenda works with food & beverage operators at international level, including producers to retailers, logistics and insurance companies. Wenda digitizes temperature and traceability data, integrated with logistic information throughout the different steps of the distribution process, and communicating with supply chain/logistics/quality control SW used by operators. In July 2020, Wenda won the first edition of the start-up challenge "restart Lombardia" launched by VGenLAB in collaboration with Open Innovation Lombardia.

Investment. DM supports the project, one of the winners of Magic Wand Retail Revolution, with EUR 96K invested in 2019, representing a 3.43% stake (now diluted to 3.28% as per December 31, 2020).

Other investors: In September 2019, Rockstart Agrifood, a Netherlands-based accelerator involved in energy, health, agrifood, and new technologies, entered the project, through its newly created AgriFood fund (worth EUR 15m). The company founders control 89.4% of the capital, other investors 7.13%. CDP Equity entered the capital with last financing round of January 2021.

Financing round: The round completed in 2019, raised EUR 320K for a post-money valuation of EUR 2.82m. On January 21, 2021, Wenda announced the finalization of a new



EUR 575K round, subscribed by the company founders, all the existing investors and by CDP Equity, in the form of a convertible loan.

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

Milestones. After the aforementioned changes towards a SaaS business model (2018/19), the company undertook an internationalization path, entering the Spanish market; at the same time, Wenda began to study the implementation of AI features in IoT devices. The company plans to expand further to France, Central and Northern Europe, the USA and Latin America.

Results: FY 2019 revenues were EUR 135K vs. EUR 104K in 2018.

Market: According to IMARC, the global logistic market was worth USD 5.2tr in 2020 and is expected to reach a USD 6.9tr value by 2026, implying a 4.6% CAGR p.a. Transparency Market Research highlights that IoT penetration in logistics has been relatively slower, compared to other industries, as substantial investments and know how, as well as maintenance costs, are required to implement digital solutions. Nevertheless, logistic companies are aware of the increase in efficiency, speed, and optimization of the services they might achieve; therefore, this submarket is expected to generate interesting opportunities, growing by a CAGR of 13.2% in the next ten years from the current level of USD 34.5bn.

Many organizations, both public and private, are paying a great deal of attention to the issue, we just mention as the EU initiative "Food Integrity Project", and CIBUS, an IT platform by the Austrian company Delimax GmbH.

Valuation: for the time being, we take the reference value of EUR 168K linked to the FY 2019 BV, plus the EUR 80K contribution by DM amid the latest funding round. We note that once developed, Wenda's platform might be integrated in one of the main operators (Americold Logistics, DB Schenker, C.H. Robinson, Schneider National) through M&A, justifying premium valuations of the asset.

FrescoFrigo

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

Investment. DM acquired a 3.33% stake during 2019 for EUR 60K. In 2020 DM invested further EUR 50K, leading to a book value of EUR 110K and a stake of 3.90%.

Other investors: 36% of the capital is controlled by the company's founders and managers (including stock options), 60.44% by other financial investors.

Financing rounds: FF collected EUR 2.1m between equity and debt in 2019. In September 2020, the company closed a EUR 800K round for a post-money value of EUR 4.30m. The round was partially funded through a crowdfunding campaign on Crowdfundme, with an initial objective of EUR 150K, which was reached within few days, and raised EUR 500K eventually.

Business model. FrescoFrigo is engaged in the so-called "1mq retail". The company developed a "smart fridge", i.e. a vending machine filled with fresh foods and beverages, prepared by dedicated kitchens and laboratories within a maximum range of 500m. FF aims to offer fresh food (with a shelf life between 2 to 7 days), with limited logistics involved (refill on a daily basis, but only once – in early-morning), through a tool available 24/7. Each vending machine is rented to a single "tenant" and has a store capacity between 120 and 200 products. The business model is B2B, since FrescoFrigo rents fridges to food merchants, and is not involved in producing or delivering food. The revenue model is twofold, as it includes

the rent of fridges plus a fee on the goods sold for food merchant, and a monthly fee for the “welfare service” to employees, charged to the host corporates. According to company data, ~EUR 900 one-off installation cost is charged for each vending machine; the expected revenue ought to be in the region of EUR 8/25K p.a. per fridge. Installation and service are free for the properties’ owners.

Milestones. The installation of smart fridges kicked off in Milan (April 2019), followed by the first installation in New York (Aug 2019). In late 2019, FF signed an agreement with Edenred and Pellegrini to implement meal vouchers as a mean of payment. In January 2020 it started the first installations in gyms and residential buildings and later it signed with Carrefour and other retailers. In September FF installed the first 5 fridges in London and at the end of the year it started negotiations for other countries, with a target of 3 new openings in 2021. The pandemic has slowed down the roll-out, FF installed more than 200 fridges by the end of 2020 (from 150 at the end of February) and the target of 500 has been moved to 2021. . In an interview to FoodAffairs.it, the management said that FF entered new markets in Q1 2021, namely Switzerland, France and Austria. In the latter, an experimental program has kicked off thanks to the partnership with the start-up Schrankerl.

Results. according to the DM’s “investment highlights”, FrescoFrigo generated EUR 150K revenues, but based on the last month the annualized figure amounts to EUR 1.8m.

Frescofrigo results

EUR K	2019	2020
Sales	43	150
Total turnover	668	na
EBITDA	(972)*	na
EBIT	(509)	na

Source: CERVED, Digital Magics, Banca Akros estimates (*) excl. EUR 625K “other income” included in total turnover.

Market. Frescofrigo creates a unique niche between healthy food and food delivery (with sustainable logistics). According to most observers, the global on-line food delivery industry was worth EUR 100/115bn USD in 2020 and is due to experience above 10% annual growth for the next few years. There are several estimates of the size of the global vending machine market, with the broader one (source: ResearchAndMarkets) worth USD 134.4bn in 2020, with a 1.3% CAGR expected to 2027. According to Market Insights, the “intelligent vending machine” subsegment should continue growing by 15% pa to USD 30bn in 2024. The global organic fresh food market, according to Technavio, should grow by USD 62.2bn during 2019/23 at a CAGR of 15%. Competitors include companies such HellofreshGO, Byte Foods, Farmer’s Fridge, Stockwell, and potentially other less specialized players such as Foodora, Deliveroo, Glovo.

Valuation. We take the latest post-money valuation of EUR 4.3m as a reference value, which implies DM’s stake is worth EUR 168K.

Xoko – Hotelbrand

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

Investment. During 2019, DM almost doubled its stake in the company, from 13.5% to 25.75%; the current stake is slightly lower at 24.36%. In DM’s account XOKO is valued EUR 280K (205K Dec 2019, EUR 132K at the end of 2018). We note that the BV of the company at the end of 2020 is negative for EUR 141K following and net loss of EUR 165K in FY 2020.

Other investors. At the end of 2018, XOKO’s founders owned 71.3% of the company.

Financing rounds. Xoko closed its last EUR 200K external financing round in March 2017, with a post-money valuation at EUR 1.3m. In November 2020, a new EUR 215K round was launched, for a post-money value of EUR 2.72m. CDP's Accelerora co-invested with DM by underwriting a convertible bond.

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

Results and targets. Xoko intends to expand the range of services, for example by offering products which promote the "touristic disintermediation" and which can set-up dedicated marketing strategy. Hotelbrand is also pursuing an internationalization strategy, with focus on countries with emerging tourism industry, such as Eastern Europe and the Balkans. The actual economics of this company are still tiny and we would expect FY 2020 to have been further depressed by the pandemic.

XoKo results (EUR K)

EUR K	2016	2017	2018	2019	2020
Sales	44	247	20	42	na
Total turnover	61	304	62	88	na
EBITDA	(97)	(47)	(56)	(51)	na
EBIT	(128)	(137)	(152)	(153)	na

Source: CERVED, Digital Magics, Banca Akros estimates

Valuation. Despite the co-investment of CDP's venture capital fund, we note the poor visibility and the difficult trading conditions, as well as the vintage (XoKo entered DM's portfolio in 2014). We cut our valuation of DM's stake from EUR 140K to EUR 100K.

HiNelson

Profile. HiNelson is a digital pure-player in nautical accessories and the only digital platform in Italy. Besides the e-commerce platform, HiNelson get in touch with potential customers through its "Academy", which also offers tutorials, guides and review of products.

Investment. DM has invested EUR 106K and owns a 7.15% stake.

Other investors: 44.5% of the company's capital is controlled by the founders. Other investors account for the remaining 49.8%.

Funding round: HiNelson raised EUR 1m in its latest seed round, closed in March 2021, for a post-money value of EUR 3.9m. Among the main investors, we name Marco Ariello, former chairman at Moleskine, Giovanni Gardelli, senior director at Verizon Media, William Griffini, CEO and partner of Carter & Benson, Giacomo Ruzza, former CEO of Iglu Cold Systems, Fabio Mondini de Focatiis, founder and CEO at Growth Capital and the Italian incubator Moffu Labs.

Business model. The platform operates on two sides: the B2C channel, through which more than 22,000 SKUs (stock keeping units) are sold; and the B2B channel, which is based on partnerships with sector players and includes the sale of advertising spaces and product placements.

Milestones. The company plans to widen its portfolio from 22K to 55K SKUs, including items for boat fishing, and to add new partnerships. HiNelson also aims at developing new marketing channels, improving the Academy (in order to increase the brand awareness and reduce the customer acquisition costs) and improving profitability.

Results. FY 2020 revenues were EUR 1m, +102% Y/Y. According to DM's "Portfolio Highlights, the company forecasts EUR 2.6m revenues in FY 2021.

HiNelson results (EUR K)

	2017	2018	2019	2020	2021e
Sales	81	229	495	1,000	2,600
Total turnover	97	229	531	na	na
EBITDA	(39)	(188)	(118)	na	na
EBIT	(42)	(193)	(174)	na	na

Source: CERVED, Digital Magics, Banca Akros estimates

Market. The global market of nautical accessories is estimated (2019) in the region of EUR 8bn; the Italian market stands at EUR 750m (+7% Y/Y vs. 2018).

Valuation. We take as a reference the post-money value of EUR 3.9m, being validated by a number of external investors. We therefore set the value for DM's stake at EUR 280K.

SurgiQ

Profile. SurgiQ offers an AI-based cloud platform designed to cost-effectively manage critical healthcare resources (such as beds, operating theatres, staff, etc.). It has been operating in Italy since 2016 (in particular at Galliera Hospital in Genoa and Bambin Gesù Hospital in Rome) and has recently expanded in the UK.

Investment. DM has invested EUR 100K and owns a 3.08% stake.

Other investors: 62.3% of the company's capital is controlled by the founders. Other investors account for the remaining 34.6% and include CDP Venture Capital and other healthcare investors and operators.

Funding round: SurgiQ raised EUR 410K in its latest funding round, closed in February 2021. Besides DM, CDP Venture Capital contributed EUR 150K, and an undisclosed amount was provided by EIT Health Headstart programme and a pool of private healthcare investors led by Michele Nicchio, chairman of Aiop Giovani (part of the Italian Association of Private Hospitals). Over the last 4 years, the company has raised approx. EUR 1m.

Business model. SurgiQ's platform offers a complete solution to cope with some of the key issues of hospitals, especially during the Covid-19 pandemic, such as an efficient management of staff and equipment, thus allowing the hospitals to optimize costs while efficiently addressing the demand. In particular, the AI-based cloud platform can, on one hand, monitor and audit care pathways, and on the other hand can plan automatically rehabilitation pathways under certain given constraints. SurgiQ, based on the on-field application, claims that the platform could save approx. 15% of the time normally spent for administrative tasks, increase the usage of surgical theatres by 20% and reduce the out-of-time surgery by 30%.

Milestones. The company firstly addressed surgical pathways; in 2019 it added the rehabilitation section and, in 2020, it launched a pilot project in partnership with a pharma company. SurgiQ has also started a pilot project at Royal London Hospital and plans to open an AI laboratory in partnership with the University of Genoa and to develop a standardized planning API, in order to develop a more comprehensive solution.

Results. FY 2020 revenues amounted to EUR 136K, +40% Y/Y. The order backlog at the end of February 2021 was EUR 160K.

Market. The healthcare market is facing increasing difficulties in hiring skilled staff: according to the WHO, the shortfall is expected to reach 18 million workers worldwide by 2030, mostly in low- and lower-middle income countries. However, even most developed countries have found out a substantial lack of skilled personnel, for instance, in dealing with the Covid-19 pandemic: in particular, Italy shows a most peculiar backdrop with one of the highest doctor-per-inhabitant rate (600 per 100,000 inhabitants, source: Istituto Superiore di Sanità, 2005), while the shortage of nurses reached 15% of the needed jobs (approx. 60,000, source: Istituto Superiore di Sanità, 2006). The lack of workforce worsened in 2020, with an estimated



unmatched demand of about 73,000 people. Thus, the need for the efficient use of resources is paramount and supports the adoption of SurgiQ's solution.

Valuation. We adopt the valuation implied in the last financing round, which was co-financed by DM and CDP Venture Capital, and points to EUR 3.25m (EUR 100K for DM's stake).

Valuation

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

The consulting business is valued EUR 3.0m or 1x the FY 2020 revenue base (in line with our previous assessment). We don't include The Doers which will generate significant synergies with the existing activities.

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. Compared with our latest review, we have left unchanged the contribution to total value at EUR 1.9/sh.

Our SotP points to a fully diluted NAV of EUR 6.5/sh, compared to EUR 6.7/sh in our previous assessment. This reduction is due to the higher net debt at the end of 2020, adjusted for the EUR 1.58m SFP cash- in before the end of the year. We did not include the new proposed EUR 8m capital increase as well.

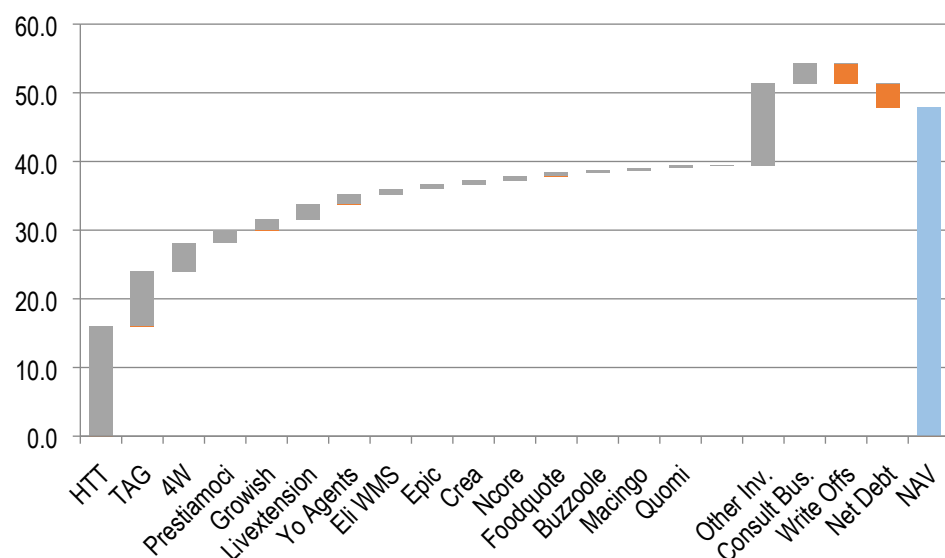
We note some minor effects related to the adjustment to the Martech (worth EUR -0.1/sh) and Fintech (EUR +0.1/sh) cluster's valuation, which offset each other. Our estimate of the gross portfolio asset value is in line with that disclosed by the company on May 19, 2021 ("EUR 50m").

Digital Magics valuation

SotP Valuation	EUR m	/sh actual
Portfolio Gross Asset Value	51.4	6.9
Consultancy business	3.0	0.4
Write Offs	-3.0	-0.4
Net Cash (Debt)	-3.5	-0.5
NAV	47.9	6.5

Source: Company data

DM: SotP valuation detail by investment



Source: Banca Akros estimates

**Digital Magics: Summary tables**

PROFIT & LOSS (EURm)	2018	2019	2020
Revenues	3.2	3.2	2.8
Non Recurrent Items	0.0	0.0	0.0
Net Profit (reported)	0.4	-2.3	-2.5
BALANCE SHEET (EURm)			
Shareholders Equity	19.8	17.2	16.2
Minorities equity	0.0	0.0	0.0
Net Debt	-3.0	1.4	2.0
NAV Constituents & Total NAV (EURm)			
NAV listed companies	0.0	0.0	0.0
NAV unlisted companies	54.7	50.4	51.4
Consultancy business	3.0	3.0	3.0
Write Offs	-1.9	-2.6	-3.0
NAV component 5	0.0	0.0	0.0
NAV component 6	0.0	0.0	0.0
NAV component 7	0.0	0.0	0.0
NAV component 8	0.0	0.0	0.0
NAV component 9	0.0	0.0	0.0
Net Financial position	3.0	-1.4	-2.0
Total Net Asset Value	57.8	49.0	49.4
Discount/(Premium) to NAV	0.0%	0.0%	0.0%
Listed shareholdings on NAV	0.0%	0.0%	0.0%
OTHER ITEMS (EURm)			
Total Market Cap	47.6	44.3	28.2
Debt / Equity	-15.3%	8.4%	12.1%
Payout Ratio	96.1%	0.0%	0.0%
P/BV	2.4	2.6	1.7
Dividend Yield (Gross)	0.8%	0.0%	0.0%
PER SHARE DATA (EUR)			
EPS (reported)	0.052	-0.304	-0.338
NAVPS	7.788	6.603	6.664
BVPS	2.667	2.313	2.183
DPS	0.050	0.000	0.000

Source: Company, Banca Akros estimates

Digital Magics: Summary tables

Sector: Financial Services Holdings/Holding

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



European Coverage of the Members of ESN

Aerospace & Defense	Mem(*)	Electronic & Electrical Eq.	Mem(*)	General Industrials	Mem(*)	Ctt	CBI
Avio	BAK	Rexel	CIC	Cembre	BAK	Insurance	Mem(*)
Leonardo	BAK	Fin. Serv. Holdings	Mem(*)	Sergeferrari Group	CIC	Axa	CIC
Alternative Energy	Mem(*)	Cir	BAK	Spie	CIC	Catalana Occidente	GVC
Encavis Ag	CIC	Corp. Financiera Alba	GVC	General Retailers	Mem(*)	Cattolica Assicurazioni	BAK
Plc	BAK	Digital Magics	BAK	Emova Group	IAC	Generali	BAK
Siemens Gamesa Re	GVC	Eurazeo	CIC	Fnac Darty	CIC	Mapfre	GVC
Volitalia	CIC	Ffp	CIC	Inditex	GVC	Net Insurance	BAK
Automobiles & Parts	Mem(*)	Gbl	CIC	Maisons Du Monde	CIC	Unipolsai	BAK
Brembo	BAK	Rallye	CIC	Ovs	BAK	Materials, Construction	Mem(*)
Faurecia	CIC	Tip Tamburi Investment Partners	BAK	Unieuro	BAK	Acs	GVC
Ferrari	BAK	Wendel	CIC	Healthcare	Mem(*)	Aena	GVC
Gestamp	GVC	Fin. Serv. Industrials	Mem(*)	Abionyx Pharma	CIC	Astm	BAK
Indelb	BAK	Abitare In	BAK	Amplifon	BAK	Atlantia	BAK
Landi Renzo	BAK	Dovalue	BAK	Atrys Health	GVC	Buzzi Unicem	BAK
Michelin	CIC	Nexi	BAK	Crossject	CIC	Capelli	CIC
Piaggio	BAK	Tinexta	BAK	Diasorin	BAK	Cementir	BAK
Plastic Omnium	CIC	Financial Services Banks	Mem(*)	El.En.	BAK	Clerhp Estructuras	GVC
Sogefi	BAK	Amundi	CIC	Fermentalg	CIC	Eiffage	CIC
Stellantis	BAK	Anima	BAK	Fine Foods	BAK	Ezentis	GVC
Valeo	CIC	Azimut	BAK	Genfit	CIC	Fcc	GVC
Banks	Mem(*)	Banca Generali	BAK	Guerbet	CIC	Ferrovial	GVC
Banca Mps	BAK	Banca Ifis	BAK	Korian	CIC	Groupe Adp	CIC
Banco Sabadell	GVC	Banca Mediolanum	BAK	Oncodesign	CIC	Groupe Poujoulat	CIC
Banco Santander	GVC	Banca Sistema	BAK	Orpea	CIC	Groupe Sfpj S.A.	CIC
Bankia	GVC	Bff Bank	BAK	Recordati	BAK	Herige	CIC
Bankinter	GVC	Fincobank	BAK	Shedir Pharma	BAK	Hexaom	CIC
Bbva	GVC	Poste Italiane	BAK	Theraclion	CIC	Imerys	CIC
Bnp Paribas	CIC	Food & Beverage	Mem(*)	Vetoquinol	CIC	Kaufman & Broad	IAC
Bper	BAK	Advini	CIC	Virbac	CIC	Lafargeholcim	CIC
Caixabank	GVC	Bonduelle	CIC	Household Goods	Mem(*)	Maire Tecnimont	BAK
Credem	BAK	Campari	BAK	Abeo	CIC	Mota Engil	CBI
Credit Agricole Sa	CIC	Danone	CIC	De Longhi	BAK	Obrascon Huarte Lain	GVC
Creval	BAK	Ebro Foods	GVC	Fila	BAK	Sacyr	GVC
Intesa Sanpaolo	BAK	Enervit	BAK	Groupe Seb	CIC	Saint Gobain	CIC
Liberbank	GVC	Fleury Michon	CIC	Industrial Engineering	Mem(*)	Salcef	BAK
Mediobanca	BAK	Italian Wine Brands	BAK	Biesse	BAK	Sonae Industria	CBI
Natisis	CIC	Lanson-Bcc	CIC	Caf	GVC	Tarkett	CIC
Rothschild & Co	CIC	Laurent Perrier	CIC	Carraro	BAK	Thermador Groupe	CIC
Societe Generale	CIC	Ldc	CIC	Cnh Industrial	BAK	Vicat	CIC
Unicredit	BAK	Orsero	BAK	Danieli	BAK	Vinci	CIC
Basic Resources	Mem(*)	Pernod Ricard	CIC	Datalogic	BAK	Webuild	BAK
Acerinox	GVC	Remy Cointreau	CIC	Exel Industries	CIC	Media	Mem(*)
Altri	CBI	Tipiak	CIC	Fincantieri	BAK	Arnoldo Mondadori Editore	BAK
Arcelormittal	GVC	Vidrala	GVC	Haulotte Group	CIC	Atresmedia	GVC
Corticeira Amorim	CBI	Vilmorin	CIC	Interpump	BAK	Cairo Communication	BAK
Ence	GVC	Viscofan	GVC	Manitou	CIC	Digital Bros	BAK
Semapa	CBI	Vranken Pommery Monopole	CIC	Prima Industrie	BAK	GI Events	CIC
The Navigator Company	CBI	Food & Drug Retailers	Mem(*)	Prysmian	BAK	Il Sole 24 Ore	BAK
Tubacex	GVC	Carrefour	CIC	Saes	BAK	Ipsos	CIC
Verallia	CIC	Casino Guichard-Perrachon	CIC	Talgo	GVC	Jodecaux	CIC
Chemicals	Mem(*)	Jeronimo Martins	CBI	Zardoya Otis	GVC	Lagardere	CIC
Air Liquide	CIC	Marr	BAK	Industrial Transportation	Mem(*)	M6-Metropole Television	CIC
Arkema	CIC	Sonae	CBI	Bollere	CIC	Mediaset	BAK
Plasticos Compuestos	GVC	Winfarm	CIC	Clasquin	IAC	Mediaset Espana	GVC

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Nrj Group	CIC	Atos	CIC	Fdj	CIC
Publicis	CIC	Away Software	CIC	Groupe Partouche	IAC
Rcs Mediagroup	BAK	Capgemini	CIC	I Grandi Viaggi	BAK
Teleperformance	CIC	Cast	CIC	Ibersol	CBI
Tf1	CIC	Catenon	GVC	Int. Airlines Group	GVC
Ubisoft	CIC	Ekinops	CIC	Melia Hotels International	GVC
Vivendi	CIC	Esi Group	CIC	Nh Hotel Group	GVC
Vogo	CIC	Exprivia	BAK	Pierre Et Vacances	CIC
Oil & Gas Producers	Mem(*)	Gigas Hosting	GVC	Sodexo	CIC
Ecoslops	CIC	Gpi	BAK	Trigano	CIC
Eni	BAK	Indra Sistemas	GVC	Utilities	Mem(*)
Galp Energia	CBI	Lleida.Net	GVC	A2A	BAK
Gas Plus	BAK	Neurones	CIC	Acciona	GVC
Maurel Et Prom	CIC	Reply	BAK	Acea	BAK
Repsol	GVC	Sii	CIC	Albioma	CIC
Total	CIC	Sopra Steria Group	CIC	Alerion Clean Power	BAK
Oil Services	Mem(*)	Visiativ	CIC	Audax	GVC
Cgg	CIC	Support Services	Mem(*)	Derichebourg	CIC
Gtt	CIC	Applus	GVC	Edp	CBI
Rubis	CIC	Bureau Veritas	CIC	Edp Renováveis	CBI
Saipem	BAK	Cellnex Telecom	GVC	Enagas	GVC
Technipmc Plc	CIC	Enav	BAK	Endesa	GVC
Tecnicas Reunidas	GVC	Fiera Milano	BAK	Enel	BAK
Tenaris	BAK	Global Dominion	GVC	Erg	BAK
Vallourec	CIC	Inwit	BAK	Falck Renewables	BAK
Personal Goods	Mem(*)	Openjobmetis	BAK	Greenalia	GVC
Basicnet	BAK	Prosegur	GVC	Hera	BAK
Brunello Cucinelli	BAK	Prosegur Cash	GVC	Holaluz	GVC
Cellularline	BAK	Rai Way	BAK	Iberdrola	GVC
Cie Fin. Richemont	CIC	Technology Hardware & Eq.	Mem(*)	Iren	BAK
Geox	BAK	Memscap	IAC	Italgas	BAK
Hermes Intl.	CIC	Osmosis	CIC	Naturgy	GVC
Interparfums	CIC	Stmicroelectronics	BAK	Red Electrica Corporacion	GVC
Kering	CIC	Tier 1 Technology	GVC	Ren	CBI
L'Oreal	CIC	Telecommunications	Mem(*)	Snam	BAK
Lvmh	CIC	Bouygues	CIC	Solaria	GVC
Moncler	BAK	Euskaltel	GVC	Terna	BAK
Monnalisa	BAK	Iliad	CIC		
Safilo	BAK	Nos	CBI		
Salvatore Ferragamo	BAK	Orange	CIC		
Smcp	CIC	Retelit	BAK		
Swatch Group	CIC	Telecom Italia	BAK		
Technogym	BAK	Telefonica	GVC		
Tod'S	BAK	Tiscali	BAK		
Real Estate	Mem(*)	Unidata	BAK		
Igd	BAK	Vodafone	BAK		
Lar España	GVC	Travel & Leisure	Mem(*)		
Merlin Properties	GVC	Accor	CIC		
Quabit Inmobiliaria	GVC	Autogrill	BAK		
Realia	GVC	Beneteau	CIC		
Software & Computer Ser.	Mem(*)	Codere	GVC		
Agile Content	GVC	Compagnie Des Alpes	CIC		
Akka Technologies	CIC	Edreams Odigeo	GVC		
Alten	CIC	Elior	CIC		
Amadeus	GVC	Europcar	CIC		

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

as at 26 March 2021



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

Il presente documento è stato redatto da Andrea Devita (socio AI AF) che svolge funzioni di analista presso Banca Akros SpA ("Banca Akros"), soggetto responsabile della produzione del documento stesso. **Esso è prodotto e distribuito dal giorno 25 May 2021, ore 08:57 italiane.**

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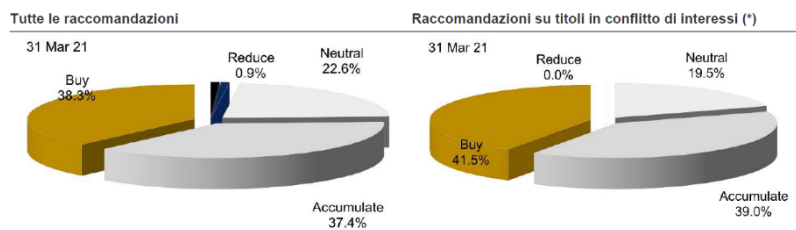
<http://www.bancaakros.it/menu-informativa/analisi-finanziaria-e-market-abuse.aspx>

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Percentuale delle raccomandazioni al 31 marzo 2021



(*) Si informa che la percentuale degli emittenti in potenziale conflitto di interessi con Banca Akros è pari al 35.65% del totale degli emittenti oggetto di copertura

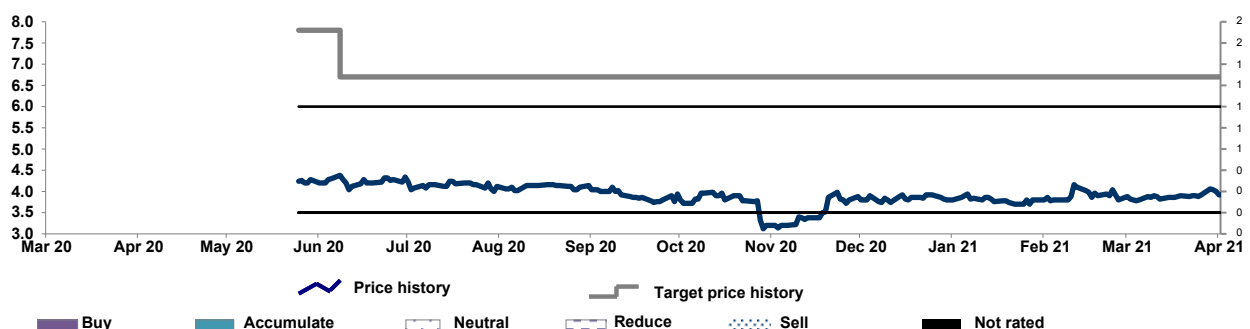
Recommendation history for DIGITAL MAGICS

Date	Recommendation	Target price	Price at change date
08-Jun-20	Accumulate	6.70	4.38
31-May-19	Accumulate	7.80	5.70

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

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

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



ESN Recommendation System

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



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

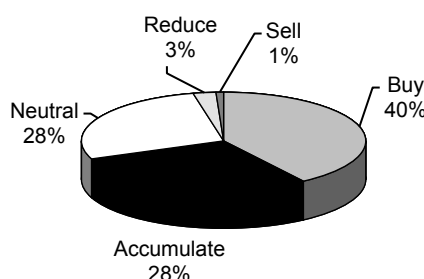
Furthermore, in specific cases and for a limited period of time, the analysts are allowed to rate the stocks as **Rating Suspended (RS)** or **Not Rated (NR)**, as explained below.

Meaning of each recommendation or rating:

- **Buy:** the stock is expected to generate total return of **over 15%** during the next 12-month
- **Accumulate:** the stock is expected to generate total return of **5% to 15%** during the next 12-month
- **Neutral:** the stock is expected to generate total return of **-5% to +5%** during the next 12-month
- **Reduce:** the stock is expected to generate total return of **-5% to -15%** during the next 12-month
- **Sell:** the stock is expected to generate total return **under -15%** during the next 12-month
- **Rating Suspended:** the rating is suspended due to: a) a capital operation (take-over bid, SPO, etc.) where a Member of ESN is or could be involved with the issuer or a related party of the issuer; b) a change of analyst covering the stock; c) the rating of a stock is under review by the Analyst.
- **Not Rated:** there is no rating for a stock when there is a termination of coverage of the stocks or a company being floated (IPO) by a Member of ESN or a related party of the Member.

Note: a certain flexibility on the limits of total return bands is permitted especially during higher phases of volatility on the markets

Banca Akros Ratings Breakdown



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

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