DIGITAL MAGICS

COMPANY PROFILE 1H 2014

Milan, September 25th 2014

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DIGITAL MAGICS

The Italian Leading VENTURE INCUBATOR

"Any sufficiently advanced technology is indistinguishable from magic"
-Arthur C. Clarke-

- ↓ What we do
- ↓ Internet sector and Venture Capital investments in Italy
- ↓ Our «Magic» formula
- ↓ Digital Magics' Team
- ↓ Financial insights

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WHAT WE DO: we are company builders, providing startups with everything they need to succeed

TO SUCCEED

Strategy

Profitable Exit

TO GROW

Full Support and mentorship to achieve an acceptable degree of operation and autonomy

TO START

On average, **an initial capital of 300K, plus** the financial support **of our DMAN**

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THE ITALIAN INTERNET MARKET

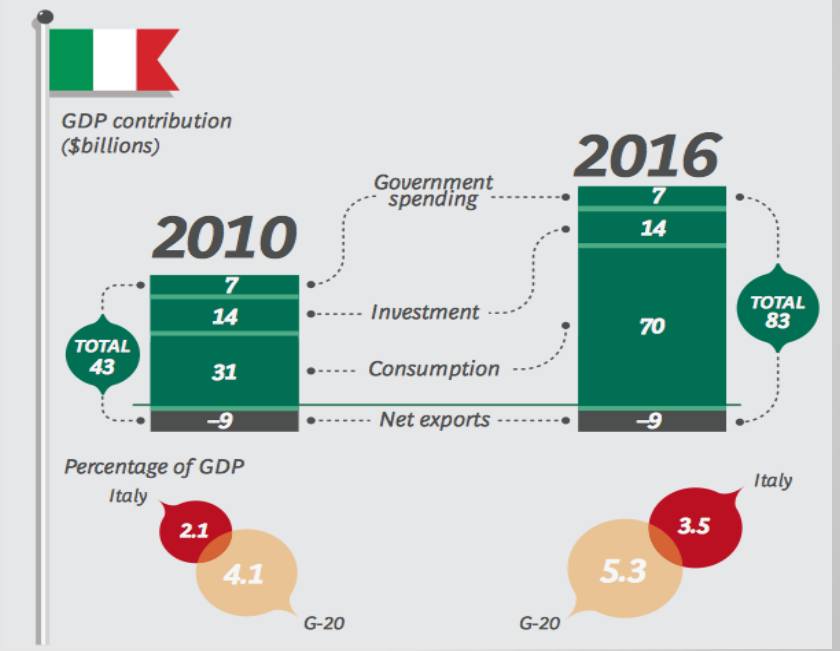
Active internet users:
28 Mln per month
13,6 Mln per day

E-commerce market:
€11,2 Mld (**+17%** w.r.t. 2012)

Online advertising market:
€1,5 Mld (**+7,7%** w.r.t. 2012)

Source: Audiweb & BCG

INTERNET € VALUE IN ITALY



Source: economist Intelligence Unit; Ovum; Gartner; euromonitor International; Organisation for economic Co-operation and Development (OeCD); magnaglobal; CCB; Italian National Institute of statistics (Istat); Politecnico di milano (Polimi); Confindustria; Forrester Research; company reports; assinform; BCG analysis.

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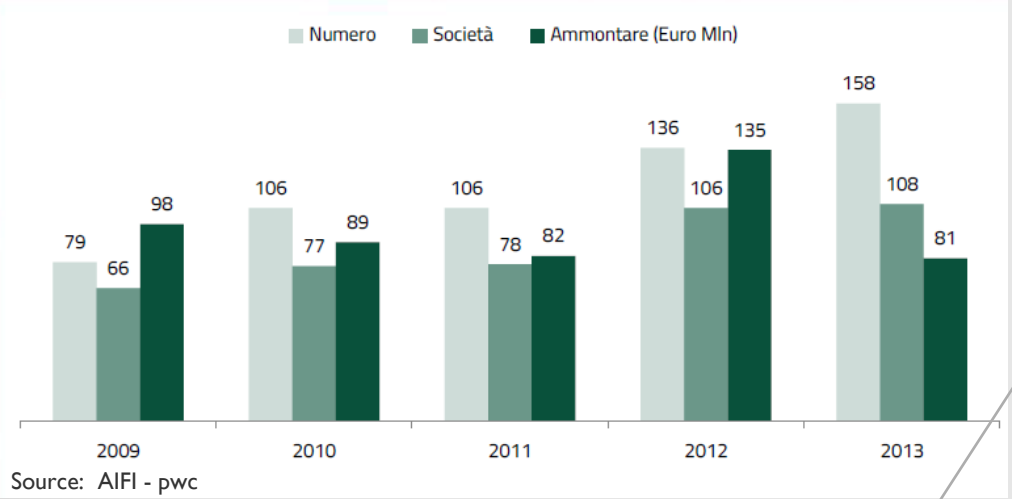
VENTURE CAPITAL INVESTMENTS IN ITALY



ROCKETINTERNET

News 24/09/2014: Rocket Internet confirms IPO
Expected market capitalization: **€6.2 Billion**

Source: Wall Street Italia

Italy

The Italian market of capital investments aimed at startups is still immature.

Europe

Investments in Venture Capital in Italy total **0.0045% of the GDP**, against a European average of **0.03%**

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OUR «MAGIC» FORMULA

1 Business model

KEY SELECTION CRITERIA

- DIGITAL SECTOR
- SCALABLE BUSINESS MODEL
- STRONG AND COHESIVE TEAM

2 Team

1° CLASS MGMT TEAM WITH OUTSTANDING BACKGROUND

fullsix, Vodafone, GE, citi CITIBANK, 3, TELECOM ITALIA, Bocconi, Morgan Stanley, iab italia

3 Financing

ABOUT €15MLN FUNDING THROUGH PARTNERSHIPS WITH:

ANGEL NETWORK, UniCredit, Credito Valtellinese, RCS MEDIAGROUP, .T.I.P. TAMBURI INVESTMENT PARTNERS, uvet, Nice, INTESA SANPAOLO, BANCA SELLA

4 Execution

COMPANY BUILDING

- STARTUP INCUBATION
- 360° SUPPORT
- MARKET LAUNCH AND GROWTH

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DIGITAL MAGICS'TEAM

Enrico Gasperini
Founder, Chairman and CEO

Gabriele Gresta
Founder and Director

Layla Pavone
Partner

Michele Novelli
Partner

Edmondo Sparano
Partner

Alberto Fioravanti
Founder and Executive Director

Gabriele Ronchini
Founder and Executive Director

Alessandro Malacart
Partner and co-CEO

Luca Giacometti
Independent Board Member

Gennaro Tesone
56Cube Partner

Giandomenico Sica
Partner, Network & Business Development

Stefano Miari
Partner, Fund raising

Antonello Carlucci
Partner

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FINANCIAL INSIGHTS

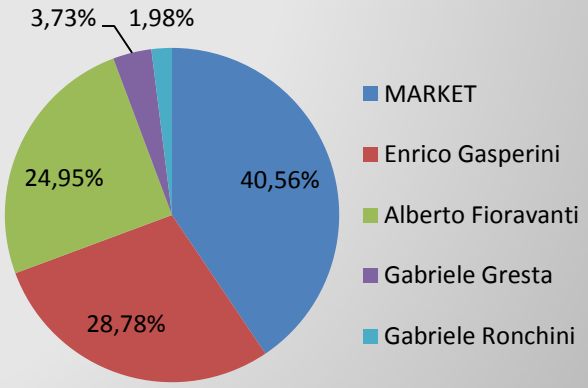
INVESTMENTS OVERVIEW	Sept 2014	2013
New startups	8	11
Of which Innovative	4	6
# Active investments in portfolio	39	31
Year to year investments	€1.46 Mln	€3.47 Mln
Cumulated investments	€14.78 Mln	€13.32 Mln
NFP	€(85,000)	€(2.64) Mln

STOCK INFO (26/09/2014)

TARGET PRICE: **€9.1** (INTEGRAE SIM – 19/05/14)

MARKET CAP: **€19.33 MLN**

SHAREHOLDING (26/09/2014)



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FINANCIAL INSIGHTS –HALF YEARLY REPORT

INCOME STATEMENT	1H 2014	1H 2013	% Change
Revenue	€1.14 Mln	€0.76 Mln	+ 50.4%
EBITDA	€86,000	€45,000	+90.4%
EBITDA Margin %	7.6%	5.9%	+1.7%
Net Income	€(176,000)	€(303,000)	+42%

BALANCE SHEET	1H 2014	31/12/2013	Change
Financial Assets	€11.67 Mln	€10 Mln	€1.67 Mln
Invested Capital	€13.54 Mln	€11.16 Mln	€2.38 Mln
NFP	€(85,000)	€(2.64) Mln	€2.55 Mln

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WHY TO INVEST IN DIGITAL MAGICS

- ↓ Digital Magics' figures
- ↓ DM's strategic assets
- ↓ Exploiting Italian legislation on startups
- ↓ Aggregate startup financing from December 2011
- ↓ Digital Magics' Portfolio
- ↓ Top performers – Strategic Projects
- ↓ Business Plan 2014-2018

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DIGITAL MAGICS' FIGURES

31,56% IRR ON PORTFOLIO INVESTMENTS

49 STARTUP INCUBATED - 6 EXITS, ONLY 4 WRITE-OFFS

39 ACTIVE STARTUPS IN ITS PORTFOLIO

25 EXPERIENCED PARTNERS AND PROFESSIONALS

MORE THAN **300 JOBS** CREATED

MORE THAN **1000 PITCHES** EXAMINED EACH YEAR

ABOUT **€15 MLN** INVESTED

€5 COMING FROM **EXITS**

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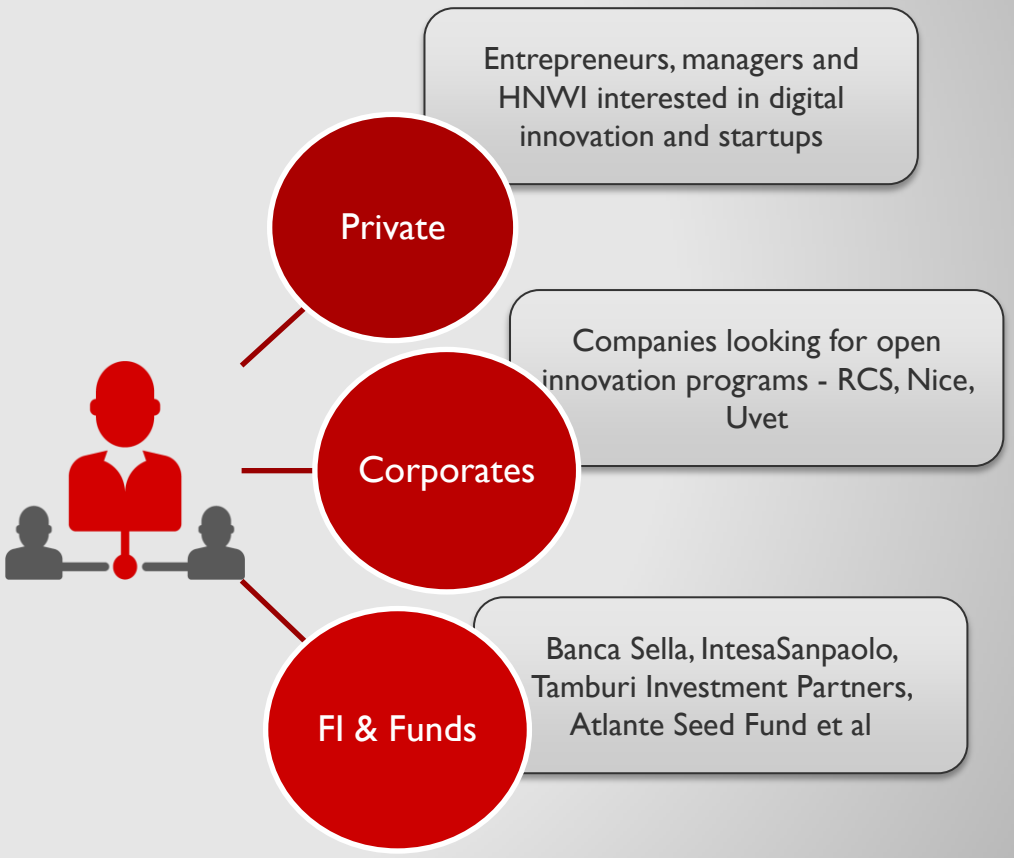
DM'S STRATEGIC ASSETS - THE DM ANGEL NETWORK

The DMAN is a network of more than 100 investors interested in co-investing alongside Digital Magics on club-deal in order to support the startups



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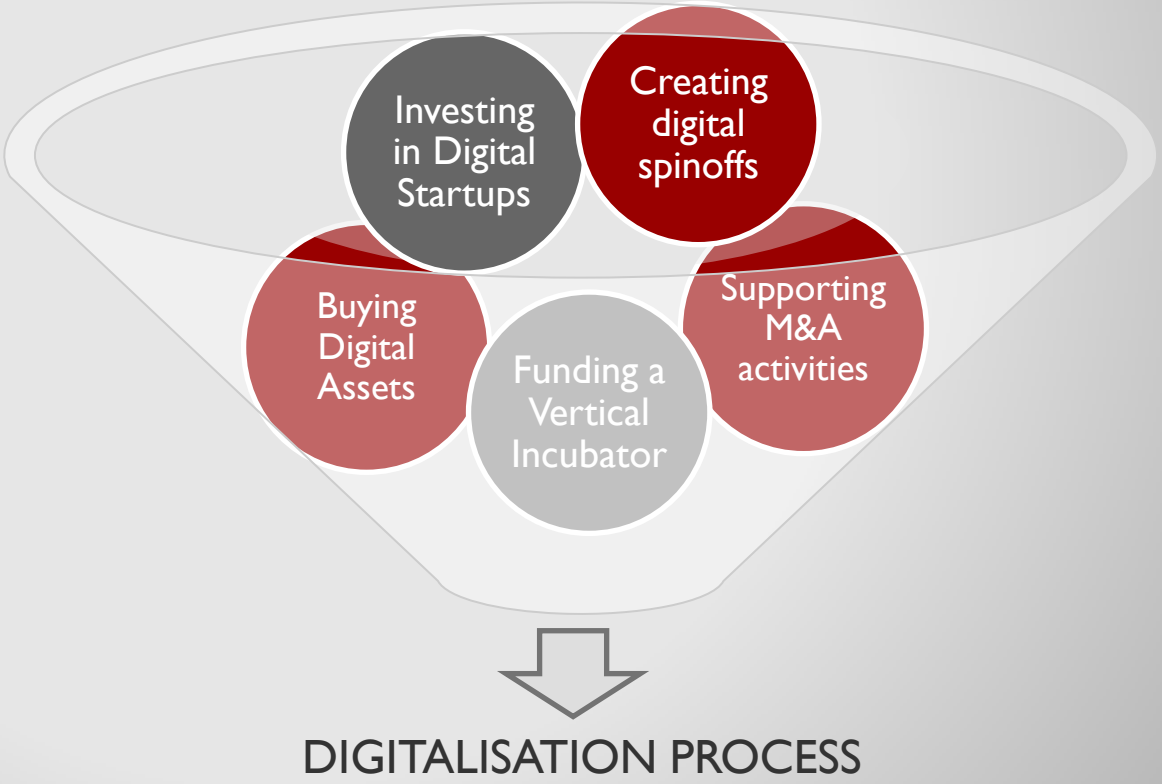
DM'S STRATEGIC ASSETS - THE OPEN INNOVATION PROGRAM

The Open Innovation program has the aim of supporting corporations during their digitalization/innovation processes.

The program combines the expertise of industrial partners with the digital acceleration expertise of Digital Magics.

DIGITAL MAGICS AND THE INDUSTRIAL PARTNER CREATE A SHARED AGENDA ON THE VERTICAL MARKET FOR:



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EXPLOITING ITALIAN LEGISLATION ON STARTUPS

INCOME TAX DEDUCTION OF 19% for direct and indirect investments in innovative startups, up to €500k per year

Fast-track, simplified and free-of-charge **ACCESS** for startups **TO THE FONDO CENTRALE DI GARANZIA**

SPECIAL LABOUR LAW applicable to startups

Startups can **REMUNERATE** their team members and providers of external services with **STOCK OPTIONS**

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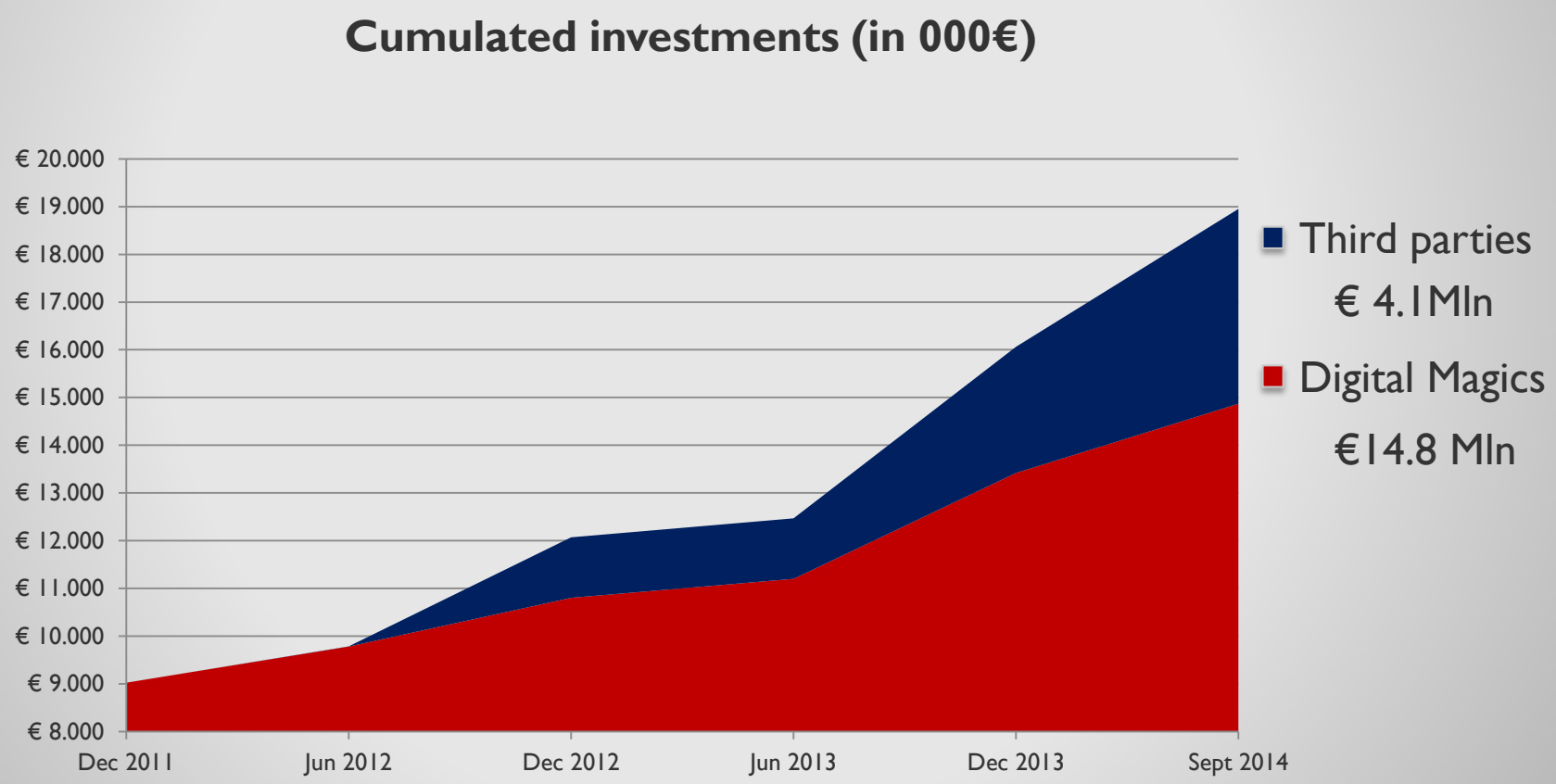
AGGREGATE FUNDING BY DM - Dec 2011 – Sept 2014



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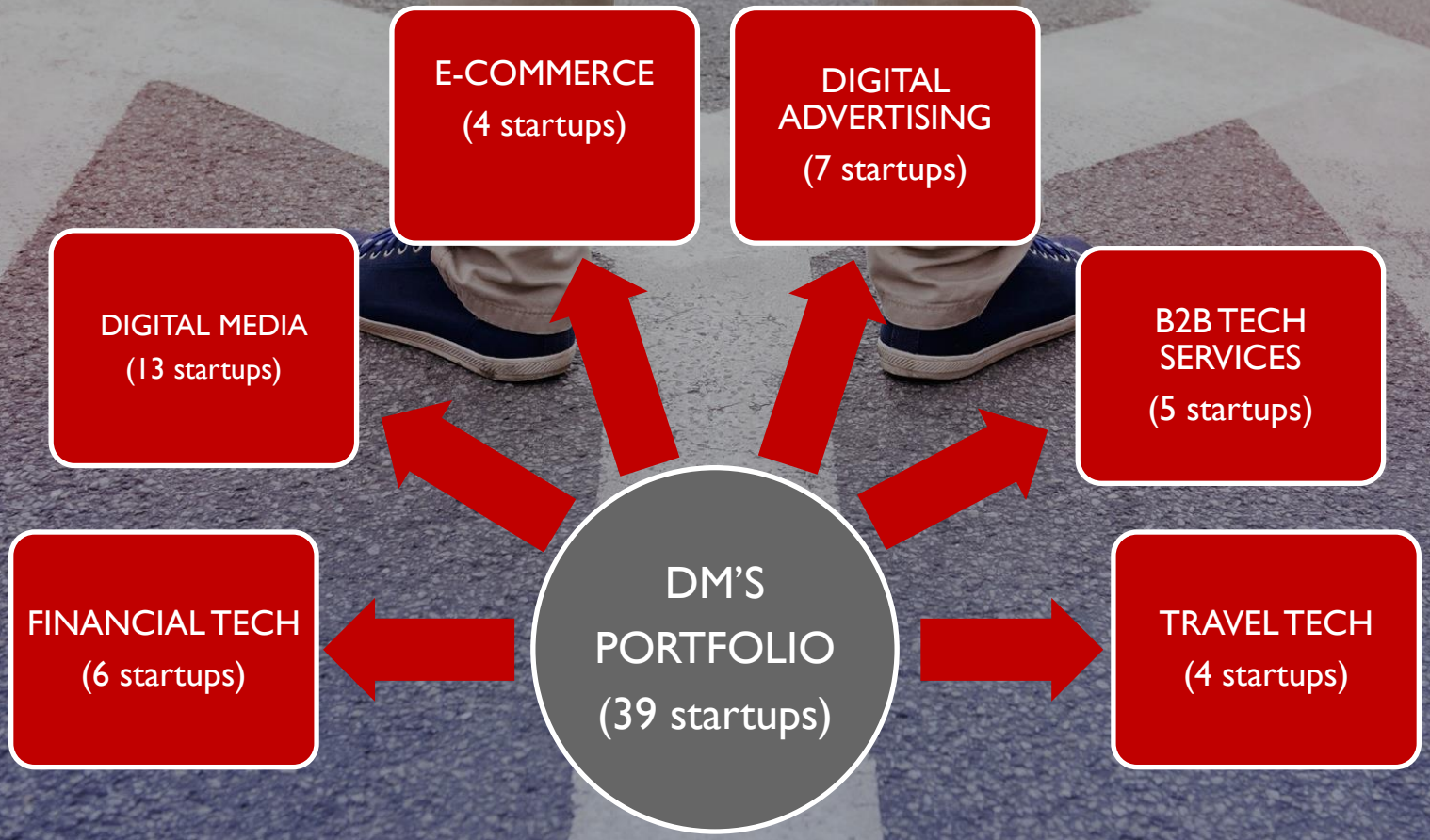
DM's PORTFOLIO BY SECTORS OF OPERATION



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DM's PORTFOLIO BY VENTURE STAGE

6 Exit

mimesi press web social
easy baby
4W MarketPlace
PRESTIAMOCI CHIEDI. PRESTA. SOGNA
sinapsi
eclettica

6 Round A

Jumpin sugli amici puoi scontare
LX
ulaola the italian excellence
SHARIDE share your ride make new friends
CAMBIOMERCI barter system network
AdRaptors

27 SEED

emotional TARGET
PREMIUM STORE
MANGIONE
tlz
Private Broker
DIGITALBEES
buzZoole
ProFeeling
Plannify
WAZZAP
Tripitaly
SOLO
Hotelbrand
skillme
beestay
DE REV BE THE CHANGE
intertwine create, share, publish
GROWISH COLLECT&PAY
tasteet!
Network Mamas
youne SCRAP THE WORD.

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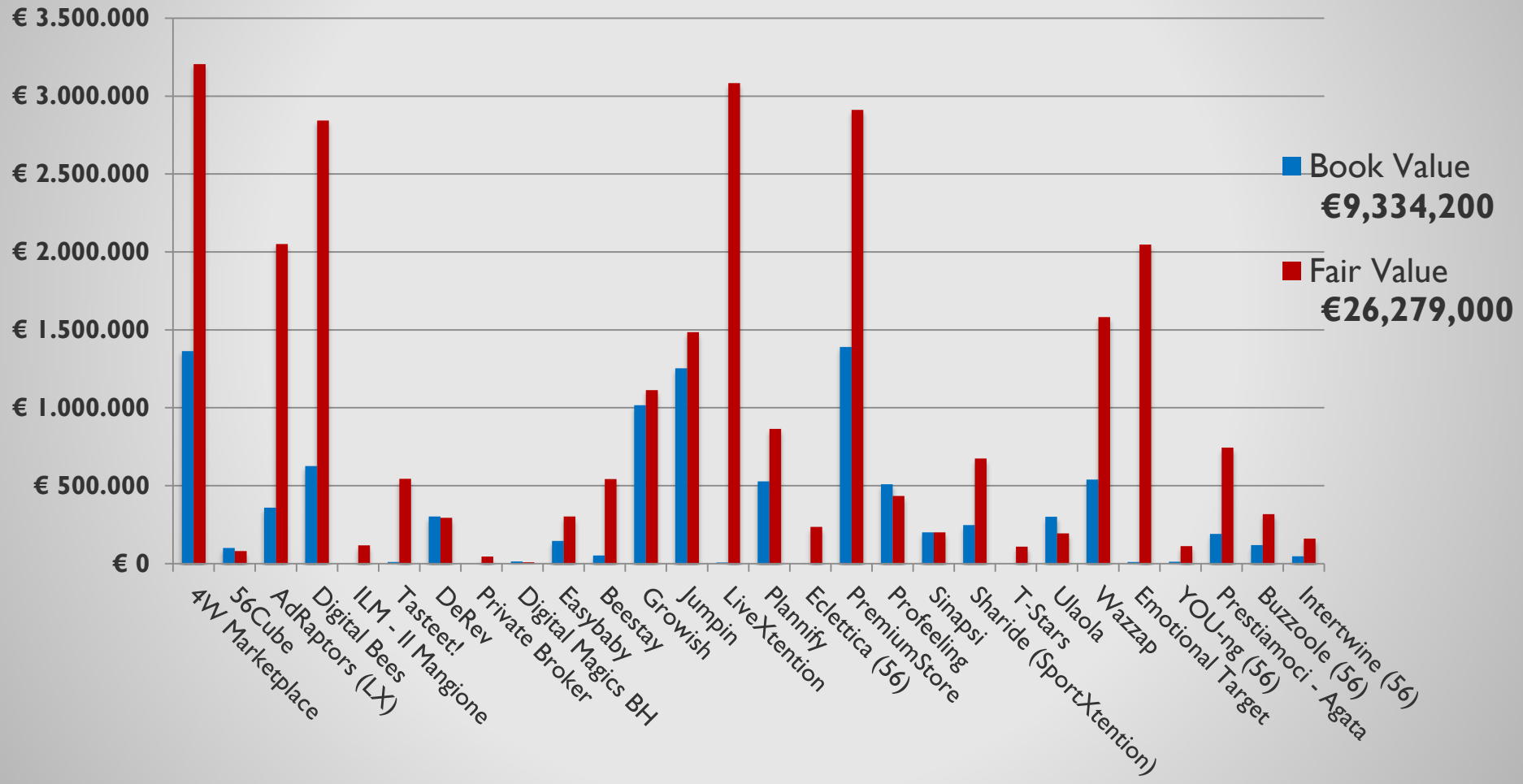
DM'S PORTFOLIO: BOOK VALUE vs FAIR VALUE

- SOURCE: INTEGRAE SIM, 31/12/2013 -



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TOP PERFORMERS

- 1° Italian online advertising network for the major Italian premium publishers; 1° and only Italian network certified as Facebook advertising provider.
- In 2012 received a **€ 2 million investment** from VC house Principia SGR.
- 2013 Revenues: **4,5 M€**

- The **leading Peer-to-Peer lending platform in Italy**. A trademark owned by Agata SpA, a company officially registered as financial broker. Certified by Banca d'Italia in 2009, Prestiamoci aims to develop the lending market among people (P2P) allowing investors to loan money to private people as well as firms.

- Mimesi operates in the field of **media monitoring and press releases. It is** the **first B2B service in Italy to provide a comprehensive reputational analysis of traditional and digital media.**
- It annually processes **more than 18 million articles** using an innovative proprietary software that processes all articles in fully digital format.

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STRATEGIC PROJECTS

- **The first "open innovation" project focused on incoming travel in Italy**. It will be developed by Digital Magics in partnership with the industrial group of Uvet American Express and the support of Confturismo.

- Tripitaly.it will suggest **on a day-to-day and step-by-step basis, anything that could be available for an unforgettable holiday in Italy.**

- **Premium Store** is an innovative startup. Thanks to the **exclusive agreement signed** with **Consorzio Edicola Italiana** – founded by major Editors **Caltagirone Editore**, **Gruppo 24 ORE**, **Gruppo Editoriale L'Espresso**, **La Stampa**, **Mondadori** and **RCS MediaGroup** – Premium Store is now developing and will manage EDICOLA ITALIANA: the online newsstand of the Italian premium publishing industry.

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BUSINESS PLAN 2014-2018: **CONSOLIDATION AS THE ITALIAN LEADER IN START-UP AND SCALE-UP INCUBATION**

Exits for more **than €20 Mln within 5 years**, with target **dividends distribution of €7 Mln** (equal to **50%** of the expected capital gain)

Reach **1000 investors** in the DMAN and increase **territorial coverage** in Italy

Invest about **€4 Mln per year** in **100 new digital initiatives**

Create **5 new Open Innovation Programs** every year

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CONCLUSIONS

- Italy is currently one of the fastest growing digital markets
- Thousands of new startups are springing up and will become the main characters of this growth, in a digital ecosystem still underdeveloped
- Digital Magics is the principal hub for the development and for seed investments' opportunities in the digital sectors, thanks to the high percentage success rate of its portfolio
- Investing in Digital Magics allows to enter into a new diversified asset class with very high investment returns

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Thanks for your attention.

Milano, September 25th 2014

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