

DIGITAL MAGICS GIVES BIRTH TO THE FIRST INCUBATOR FOR DIGITAL STARTUPS FOR SICILY IN THE CITY OF PALERMO

With 84 innovative startups in its area, Catania is the leading province in the region followed by Palermo (71), Messina (33) and Agrigento (18) and finally are Enna and Ragusa respectively with 3 and 2 active startups

Palermo, January 15, 2016 - The first incubator of digital startups in Sicily was set up in Palermo. **Digital Magics**, *business incubator* listed on AIM Italia of Italian Stock Exchange (symbol: DM), opens its first office in the Sicilian capital, in collaboration with partner company Factory Accademia. The new project was presented today, during the inauguration of the premises in Via Lincoln 21 (the historical site of the Giornale di Sicilia), by **Alessandro Arnetta**, partner of Digital Magics Palermo and CEO of Factory Accademia, **Alberto Fioravanti**, Founder and Executive Chairman of Digital Magics, **Marco Gay**, Vice President of Digital Magics and **Gabriele Ronchini**, Founder and Managing Director of Digital Magics for portfolio development. Doing the honours was **Giovanni Pepi**, the co-director of the Giornale di Sicilia and, as moderator, **Giorgio Mulé**, the Director of Panorama.

*"We are satisfied – said **Alberto Fioravanti**, the Founder and Executive Chairman of Digital Magics – to have arrived in this beautiful city to help the growth of innovative businesses and the economy of this area. An incubator accelerates the development of young companies by providing support, services, and by making available its network of contacts. The support of a 'business incubator' enables startups to grow into real businesses. Digital Magics Palermo also wants to develop the Sicilian innovation ecosystem, by creating local networks of investors and by organizing events, initiatives and business meetings. Complementary to this activity - continues Fioravanti - will be the recently launched GIOIN. This is the first exclusive network for entrepreneurs, managers of companies and professionals, designed to aggregate Italian companies and startups around the new paradigm of Open Innovation. This is just the most recent part of the great legacy left behind by Enrico Gasperini, who co-founded Digital Magics with myself. We want to involve members of the network with several meetings in Digital Magics headquarters and in campuses Talent Garden".*

*"There are lots of existing innovative startups – added **Alessandro Arnetta**, partner of Digital Magics Palermo and CEO of Factory Accademia – present in Palermo area and we are confident that, with our contribution, the number will increase further and reach the levels of other cities based within our island. Our ongoing commitment is aimed at enhancing the good aspects of this region and to awaken the entrepreneurial spirit of young Sicilians both within Sicily itself and also throughout Southern Italy".*

The new headquarters in Palermo is comprised of a 500 square metre open space, open all day (from 8.00AM to 9.00PM) with 12 separate cubicles, desks and meeting rooms and a relaxation area. Il Giornale di Sicilia has believed in the project from the beginning with Factory Accademia, by becoming partners with Digital Magics in the area and by making spaces available. A space of co-working provided through the partnership with Talent Garden, the largest European network of co-working focused on the digital sector (30% of its capital is provided by Digital Magics as an investor), with which was signed a strategic agreement. A physical meeting place for digital entrepreneurs and creative types, connected in real time with the other 13 Italian TAG (3 in Milan, Rome, Bergamo, Brescia, Cosenza, Padua, Genoa, Pisa, Pordenone, Sarzana, Turin) and those in Barcelona, Tirana and Kaunas (Lithuania).

246 is the number of Sicilian startups listed in the National Register, 4.8% of the national total. With 84 innovative startups (34% of the regional total) Catania is the leading province in the region and precedes Palermo that has 71 (29%). Far behind is the province of Messina with 33 startups (13%) and Agrigento with 18 (7%) and it's 12 the ones found in Caltanissetta and Trapani (5%), and Syracuse (11-4%). At the bottom

of the list Enna and Ragusa can be found with 3 (1%) and 2 (0.8%) active startups respectively. It consists mostly of limited liability companies (Ltd.) and a few cooperative societies.

In Catania and Palermo, home to more than a half of the Sicilian startups, innovative companies are primarily involved in the production of software and IT consulting: if in Palermo and in Syracuse area they account for 30%, in Catania they represent the 47%. Many are also located in Messina (30.8% of the total) and Syracuse (33.3%). In the province of Palermo (17.2%) there is a greater percentage of startups in the field of scientific research and development than those in Catania (14.1%). Among the startups there are also several architectural and engineering firms, in addition to startups whose focus is upon technical testing, and analysis. In Agrigento they nearly represent a quarter of the total (21.4%), in Palermo it is 7.8%.

Most Sicilian startups - the analysis of Digital Magics emphasizes - have an average market capitalization of no more than 10 thousand Euro: if in Palermo it's the 76% of the total (54 of 71) in Catania they represent the 77% (65). In Messina they account for over two-thirds (76% and 25) as well as Agrigento (78%) and Caltanissetta (83%). It falls below this threshold only in Trapani (67%) and Syracuse (72%). In Catania area, only 14% (12) of innovative companies has a share capital of up to 50 thousand Euro whilst those with capital from 50 to 250 thousand Euro comprise nearly 5% (4). Palermo counts less startups with capital from 10 to 50 thousand Euro (almost 10% of the total), however more (8%), in this area range from 50 to 250 thousand Euro. The only Sicilian startup with more than 5 million Euro in registered capital is in Ragusa area and operates in the energy sector.

The first startup on the island appeared coincidentally in Palermo in 2009 but, after accelerating in 2013, the real boom of entries into the Register of Innovative Enterprise occurred in 2014 (84 registrations in Sicily) with Palermo (33) leading in front of Catania (25). In 2015 the trend has slowed down, this time with greater birth of innovative enterprises in Catania (23) compared to the capital (19).

The analysis of Digital Magics on the economic-financial side showed that thanks to the guarantee fund for startups by the Ministry of Economic Development, until August last year, almost 6.5 million Euro reached Sicily, while in 2014 just 5 venture capital operations of about 297 regarded the island, against the 13 in Campania.

Table - Startups in Italy

Region	Number of startups	% of startups
Lombardia	1127	21,9%
Emilia-Romagna	577	11,2%
Lazio	502	9,7%
Veneto	385	7,5%
Piemonte	354	6,9%
Campania	309	6,0%
Toscana	304	5,9%
Sicilia	246	4,8%
Marche	240	4,7%
Puglia	200	3,9%
Trentino-Alto Adige	176	3,4%
Friuli-Venezia Giulia	138	2,7%
Sardegna	136	2,6%
Calabria	117	2,3%
Abruzzo	113	2,2%
Liguria	86	1,7%

Umbria	78	1,5%
Basilicata	35	0,7%
Molise	20	0,4%
Valle d'Aosta	11	0,2%
Italia	5154	100%

Source: InfoCamere

This press release is available on the website www.digitalmagics.com under *Investor Relations – Press Release*.

Digital Magics, listed on AIM Italia (symbol: DM), is an incubator of digital projects that provides consulting services and acceleration services to startups and enterprises, to facilitate the development of new technological businesses. Thanks to the partnership with Talent Garden and Tamburi Investment Partners, Digital Magics has created the most important national platform for innovation for DIGITAL MADE IN ITALY, by offering services for the digital transformation and “Open Innovation” to excellent enterprises, while providing support to innovative startups to create successful projects, from conception to IPO. The incubation and acceleration services offered by Digital Magics are active in the TAG co-working campuses present throughout Italy. Complementary services include investment activities, which have produced over the years a portfolio of 49 investments in startups, scaleups and digital spinoffs with high growth rates. Accelerated companies are flanked by Digital Magics LAB, a team of highly experienced business partners, and benefit not only from the large network of private and institutional investors that support them through “club deals”, but also from the many partner companies that support them on an industrial scale.

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