

DIGITAL MAGICS PROPOSES THE ISSUE OF WARRANTS IN FAVOUR OF PERSONS WHO WILL INVEST IN THE INVESTEE COMPANIES

- **Proposal for an innovative tool, meant to favor *early-stage* investments in investee companies: the issue of Warrants** to be assigned free of charge to subjects who will invest in the companies present in Digital Magics' portfolio, in addition to the proposal of the related **paid share capital increase**, for a total amount of maximum EUR 4,990,000
- **Proposal for a new incentive plan** in favour of directors, employees, collaborators of the Company and its investees and the related **increase in the share capital for a maximum of EUR 4,800,000, inclusive of any share premium with a subscription price of EUR 8,00 to be offered to a maximum of one hundred and fifty subjects**

Milan, April 5 2018

The Board of Directors of Digital Magics SpA, *business incubator* listed on the AIM Italia market (symbol: DM), organized and managed by the Italian Stock Exchange, today approved the draft Regulation for the **issue of free warrants in favour of new investors in Digital Magics' investee companies, to be counted on newly issued Digital Magics shares**, in addition to the consequent proposal to the Shareholders' Meeting of a paid capital increase, with the exclusion of option rights, reserved for the exercise of the Warrants.

The objective of the operation is to encourage investments in the startups and scaleups of the Digital Magics portfolio, as well as to align the interests of Digital Magics Shareholders with those of the ones who, by investing directly in the investee companies, contribute to the development and success of the initiatives promoted by Digital Magics.

"For the first time in Italy, we encourage the 'early-stage' investment in our companies by involving investors in the equity of Digital Magics, in order to benefit from the value generated by the growth of the portfolio", stresses Alessandro Malacart, CFO of Digital Magics.

"This operation is part of the growth strategy and the vision of Digital Magics, always oriented towards creating value by involving all the key players who contribute to the development of digital innovation in our country," says Marco Gay, CEO of Digital Magics.

During the same meeting, The Board of Directors of Digital Magics SpA approved the Regulations of the "Incentive Plan 2018-2024", relating to a stock option plan in favour of the directors, employees and collaborators of the Company and its investees (the "Beneficiaries"), and therefore proposed to the Shareholders a second paid capital increase, with the exclusion of option rights, reserved for this Plan.

"DIGITAL MAGICS WARRANTS WIN 2018-2022" ISSUE PLAN

The Board of Directors of Digital Magics SpA proposes the issue of **maxima no. 600,000 Warrants**, each of which will entitle the holder to subscribe a new Digital Magics ordinary share for each assigned Warrant, and the related **paid share capital increase, in cash and in one or more tranches**, for a total amount, inclusive of share premium, of maximum EUR 4,990,000 by issuing a maximum of no. 600,000 new ordinary shares with regular dividend (the "Conversion Shares").

The Board of Directors resolved to grant the Chairman the powers necessary to convene an **Extraordinary Shareholders' Meeting**, in the context of the Ordinary Shareholders' Meeting (scheduled for April 22nd – April 23rd, 2018) **in order to approve the issue of the Warrants and the capital increase with the exclusion of option rights, reserved for the exercise of the Warrants.**

The assignment of the Warrants will be the duty of the Board of Directors, within the maximum deadline of December 31, 2020, and will be reserved for subjects who:

- are Italian and/or foreign, natural and/or legal persons who, on the basis of current regulations, may hold Company shares;
- following the date of approval by the Shareholders' Meeting, turn out to be new investors of a company invested in by Digital Magics SpA, and have therefore entered into the shareholding structure through an increase in the share capital or have subscribed to participative financial instruments or have converted bonds or bond instruments, with explicit exclusion of existing members at the time of the investment.

It will also be the responsibility of the Board of Directors to identify the recipients of the Warrants, in compliance with the criteria defined above, and to determine the number of Warrants to be assigned to each subject, also depending on the size of the investment and the stake held by Digital Magics SpA in the target investee.

At each assignment, the Board of Directors will determine the subscription price of the Conversion Shares, which can not be lower than the value determined by referring to the arithmetic average of the official prices of the Digital Magics SpA ordinary share, recorded on AIM Italia/Alternative Capital Market, organised and managed by Borsa Italiana SpA, in the six months prior to the grant date and, under no circumstances, may not be less than EUR 8,00, a value determined also by reference to the arithmetic average of the official prices of the ordinary share Digital Magics SpA recorded on AIM Italia/Alternative Capital Market, organised and managed by Borsa Italiana SpA, in the six months prior to this date.

The Warrants of the Plan "**DIGITAL MAGICS WARRANTS WIN 2018-2022**" will be nominative and non-transferable. The Company does not expect to request for the admission of the Warrants to trading in the AIM Italia/Alternative Capital Market organised and managed by the Italian Stock Exchange (Borsa Italiana SpA), or in any other Italian or foreign, multilateral trading system or regulated market.

The exercise of the Warrants is scheduled for certain periods over a period of four years, in October of each year from 2019 to 2022; the Warrants may be exercised in any of the periods envisaged, starting from the calendar year following the year of assignment.

INCENTIVE PLAN 2018-2024

The Board of Directors proposes to approve a capital increase to service a share based incentive plan (so-called *stock option* plan) which is in favour of employees, directors and/or collaborators, with particular duties, of the Company and/or its investee companies, with the aim of strengthening their participation in business risk and to improve the *company's performance* and, therefore, the ability to create value for the benefit of all Shareholders.

The previous "Incentive Plan 2015-2021", approved by the Shareholders' Meeting on April 29th 2015, was implemented by the Board of Directors in accordance with the guidelines approved by the Shareholders' Meeting, achieved its objectives and its effectiveness is being exhausted.

The operation entails an **increase in share capital with the exclusion of options right, for a maximum of EUR 4,800,000, inclusive of any share premium**, by the issue against payment of a maximum of no. 600,000 ordinary shares of Digital Magics, with regular dividend, with no declared nominal value, and with the same characteristics as those currently in circulation.

The **Subscription Fee that each Beneficiary must pay to subscribe the new shares corresponding to the options exercised will be equal to EUR 8,00 for each share**, a value also determined by referring to the arithmetic average of the official prices of the Digital Magics SpA ordinary share, registered on AIM Italia/Alternative Capital Market, organised and managed by the Italian Stock Exchange (Borsa Italiana SpA), in the six months prior to this date.

The Board of Directors will ask the Shareholders' Meeting for the necessary powers, for the management of the "Incentive Plan 2018-2024", among other things for the identification of the maximum one hundred and fifty Beneficiaries, the quantity of options to be assigned and the *vesting* criteria, always in the interest of creating value for the Company and its Shareholders.

CALL OF THE ORDINARY AND EXTRAORDINARY SHAREHOLDERS' MEETING

The Board of Directors resolved to convene the Ordinary and Extraordinary Shareholders' Meeting of Digital Magics on April 22nd 2018 on first call and, if necessary, on second call on April 23rd 2018.

The Ordinary Shareholders' Meeting is convened for the approval of the 2017 Financial Statements, for the assignment to perform the independent statutory audit of the financial statements and for the authorization to purchase and dispose of treasury shares.

The Extraordinary Shareholders' Meeting is convened for the following agenda:

1. paid share capital increase, in cash and in one or more tranches, for a total amount, inclusive of share premium, of maximum EUR 4,800,000 by issuing a maximum of no. 600,000 new ordinary shares, with the exclusion of option rights, to service the Incentive Plan 2018-2024, to be offered to a maximum number of one hundred and fifty subjects;
2. the issue of Warrants and a paid capital increase, in cash and in tranches, for a total amount of up to EUR 4,990,000, including any share premium, through the issue of maximum no. 600,000 ordinary shares with the exclusion of option rights, reserved for the exercise of the Warrants themselves.

This press release is available on the Company's website www.digitalmagics.com under *Investors/Press Releases*.

The documentation relating to the Shareholders' Meeting will be made available in the manner and within the deadline required under current regulations.

Digital Magics, listed on AIM Italia (symbol: DM), is a business incubator of digital projects that provides consulting services and acceleration services to startups and enterprises, to facilitate the development of new technological businesses. Digital Magics, Talent Garden and Tamburi Investment Partners, have created the most important national hub for innovation for DIGITAL MADE IN ITALY, by providing support to innovative startups to create successful projects, from conception to IPO. Digital Magics has always been a partner of excellent enterprises, with its Open Innovation services, thus creating a synergetic bridge between companies and digital startups. 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 70 investments in digital startups, scaleups and spinoffs with high growth rates. Accelerated companies are flanked by Digital Magics' team, a partner of enormous business and digital experience, 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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