

DIGITAL MAGICS INVESTS €1 MILLION WITH IMPORTANT INVESTORS IN THE ITALIAN STARTUP PREMIUM STORE

The certified incubator and some Italian entrepreneurs that are part of the "Digital Magics Angel Network" have signed up to an increase of capital in the innovative startup that is developing EDICOLA ITALIANA, the publishers' platform for the sale of daily newspapers and magazines in digital format

Milan, 28 May, 2014 - Digital Magics, the certified incubator of innovative digital startups listed on the Italian Stock Exchange's AIM Italia market (symbol: DM), important Italian entrepreneurs and investors have **signed up to an increase in capital of €1 million in Premium Store**.

Premium Store is the innovative startup chosen exclusively by the Consorzio Edicola Italiana – founded by **Caltagirone Editore, Gruppo 24 ORE, Gruppo Editoriale L'Espresso, La Stampa, Mondadori and RCS MediaGroup** – for the development and business management of **EDICOLA ITALIANA**: the Italian publishers' platform for the sale of digital newspapers and magazines.

In addition to the **incubator**, that **has invested €200,000** in Premium Store **and now holds 63.5% of the share capital** the investors in the *Digital Magics Angel Network* who have taken part in this round of funding are **DBInformation**, a company operating in the area of business publishing and BtoB services of **Roberto Briglia** and **Gianni Vallardi, Johan Bode** Financial Manager and Partner at KPMG Advisory, **Ivan Boni, Maria Sabino Frassa, Antonino Pisa** CFO and Director of BravoSolution, **Andrea Rangone** Professor of Digital Business at Politecnico di Milano, **Lodovico Rosnati** former Director of the Equity Market Division of the Italian Stock Exchange.

Also taking part is the business angel network **Custodi di Successo – Milano**, represented by its senior members **Matteo Paganin** and **Marco Pastore**.

The partners of the new firm also include **Applix**, an Italian company headed up by **Claudio Somazzi** and **Marco Cirilli** and that has been market leader in the world of publishing services with the **Viewerplus** product.

Digital Magics Angel Network gathers more than 100 industrial, private and financial operators, that collaborate with Digital Magics in the selection, mentorship and funding of innovative startups.

Following this operation, Premium Store **will boost its technology platform** with a *responsive* structure for selling publishing products on Tablets, PCs and smartphones. EDICOLA ITALIANA – which will be online from the summer of 2014 at www.edicolaitaliana.it – will make it possible to buy digital editions of newspapers, magazines and e-books in total safety and with a few simple clicks. The **method of online buying** will give access to EDICOLA ITALIANA's archives and will enable with a unique password to buy and to read one's favourite papers and magazines.

Users can search for keywords in *full text* mode in all the newspapers and magazines present: it's a **unique feature of EDICOLA ITALIANA**. The startup incubated by Digital Magics has incorporated the publishers' systems, allowing users to log on automatically to the proprietors' apps that already exist with the same credentials as EDICOLA ITALIANA. It also offers an **intuitive web browser** in HTML5 format, for publishers who do not yet have a digital version of their published products.

Premium Store received one of the highest scores in the **Start 2013 project** organised by the **Lombardy Region** and the **System of the Chambers of Commerce of Lombardy**, which supports the dissemination of entrepreneurial culture, the creation of new enterprises and self-employed ventures, organising loans and non-refundable contributions.

Alberto Fioravanti, Partner at Digital Magics and CEO of Premium Store said: *"The confidence that our investors have placed in Premium Store is very important for the development of this innovative project. We are working closely with six major Italian publishers to create the largest*

digital newsstand in Italy. Currently we have over 70 publications including newspapers and magazines, and this number will grow rapidly as new publishers will enter the Consortium".

Enrico Gasperini, Founder and Chairman of Digital Magics said: "EDICOLA ITALIANA is an initiative on which we have been working with Premium Store for several months and we really believe in it. This is because it represents a real revolution for Italian publishing industry, marking the beginning of an important industry wide alliance between major publishers in Italy. The 'Digital Magics Angel Network' has recognised our startup as being a model for innovative business and success. We very proud of the support shown in this round of funding, which will contribute to the publishers' success in the digital challenge".

THE ITALIAN MARKET FOR THE SALE OF DIGITAL PUBLISHING: +40% IN 2017

According to forecasts published in the PWC Media and Entertainment Outlook 2013-2017, revenues from sales of digital editions of publications in Italy will grow by around 40% in 2017, reaching €243 million for online purchases of e-books, €115 million for magazines and €86 million for newspapers.

In Italy in 2013, sales of digital newspaper subscriptions rose by over 80% compared to 2012 (in December 2013 they were 365,384). When it comes to monthly and weekly publications, November 2013 saw the purchase of approximately 486,000 digital magazines¹ with excellent growth forecasts for the end of 2014.

For what Italian book market concern, the Report on the State of Publishing in Italy in 2013 from the AIE (Italian Publishers Association) reveals a figure for 2012 of €3.1 billion (paper and digital). Revenues from the sale of e-books were €46 million a figure that corresponds to 1.5% of the market (+0.6% compared to 2011, average price of €11). The forecasts regarding the penetration of the sale of e-books onto the entire market for the next two years are that they will double each year, reaching €167 million in 2014 (6% of the market)².

Digital Magics - www.digitalmagics.com

Digital Magics is a certified venture incubator of innovative digital startups that offer content and services with a high technological value. Digital Magics is listed on the AIM Italia, the Alternative Capital Market dedicated to small and medium-sized Italian enterprises with high growth potential. It is organised and managed by the Italian Stock Exchange. Digital Magics builds and develops internet startups, working alongside the founders, investing equity and providing acceleration services. It begins with the talents and the ideas, to then transform them into disruptive businesses that are successful in the Italian and international digital economy. The incubator promotes a culture of entrepreneurship and risk, contributing to economic growth and employment for young people. Digital Magics offers services to support innovation, the creation and development of digital startups, and it supports them in the search for new private and public investors, be they Italian or international, to fund the next stages of development. The Digital Magics model is unique in Italy and is based on the Digital Magics LAB: the team that identifies, analyses and launches new ventures, providing startups with innovative mentorship, financial, administrative, strategic, logistical, technological, communication and marketing services. It also offers business management support that is capable of accelerating the growth process of a business.

Premium Store

Premium Store is an innovative startup of the certified incubator Digital Magics, which is listed on the Italian Stock Exchange's AIM Italia market. Thanks to the exclusive agreement with the Edicola Italiana Consortium - founded by Caltagirone Editore, 24 ORE Group, Gruppo Editoriale L'Espresso, La Stampa, Mondadori and RCS MediaGroup - Premium Store is developing and will operate EDICOLA ITALIANA, the online newsstand for Italy's premium publishers. It is a platform from where it will be possible to search, select, view and buy newspapers, magazines and e-books from any device in HTML5 format. Premium Store incorporates, within the Italian publishers' online newsstand, a complete system of payment and the possibility of linking up with existing publishers' apps. By using Premium Store's advanced technology, digital readers will be able to access EDICOLA ITALIANA to carry out full text searches of all the material belonging to those publishers that have joined the Consortium and that will appear online in the newsstand.

Integrae SIM acts as Nomad and Specialist under the AIM Italia Issuer Regulations. For the transmission of its communications Digital Magics makes use of the SDIR-NIS circuit, operated by Bit Market Services, a subsidiary of the London Stock Exchange Group.

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¹ Source: ADS, December 2013 - Distribution of digital copies (single sales + subscriptions) without combined subscriptions

² Interpretation by Premium Store of the figures contained in the AIE Report on the State of the Publishing in Italy 2013