

DIGITAL MAGICS: THE BOD APPROVES THE FIRST CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

***The implementation of the 2021-2025 industrial plan continues
Over 21 million euros of resources raised for the three-year
acceleration programmes***

Main consolidated results for 2021:

- **84 operating companies** in the portfolio (73 on 31 December 2020), of which **43 Innovative Startups** and **17 Innovative SMEs**
- **Fair value of the investments amounted to 58 million Euros** against a book value of 13.7 million Euros, **an increase of over 8 million compared to the value at 31/12/2020**; the verification of the valuation methodology and the review of the application of the same to the entire portfolio was entrusted to DELOITTE Financial Advisory
- **Investments in 20 new startups**, including the participation in the capital of **Fintech & Insurtech Accelerator**, the investment vehicle of the FIN+TECH Acceleration Program, the leading acceleration program in Italy for the insurtech and fintech sectors promoted by the National Accelerators Network of CDP
- **Aggregate turnover¹** of the companies in the like for like portfolio, equal to over Euro 111 million, an increase of +79% (Euro 62 million in 2020)
- **Total resources raised** by the companies in the portfolio amounted to Euro 46.6 million (Euro 27.3 million in 2020) confirming the positive evolution of the "startup industry", carried out by the Digital Magics ecosystem
- The **Magic Wand Sustainability** acceleration program has been **successfully** completed and the **new FIN+TECH 2021-2024 and Magic Spectrum acceleration programmes** have been launched – with the participation of institutional partners, including CDP Venture and Lazio Innova, as well as tier 1 financial and corporate partners
- **Consolidated revenues** of Euro 3.2 million, with negative EBITDA of Euro 0.6 million, Net result negative of Euro 3.3 million after adjustments in financial assets of Euro 2.1 million relating to write-off of some investee companies and related receivables
- **Broad financial solidity confirmed** with Shareholders' Equity of Euro 24.7 million, Net Financial Position of Euro 5.6 million, with cash and cash equivalents of Euro 11.2 million

Main events 2021:

- **Approved the 2021-2025 business plan** that aims at a fair value of the portfolio of over 100 million euros and a further 200 investments in startups and follow on
- **Fully subscribed the capital increase for Euro 8 million** by institutional investors and family offices
- **Subscribed the capital increase reserved for Luiss - Free International University of Social Studies Guido Carli** - for a value of Euro 2.5 million, for the launch of a strategic partnership
- **Completed the acquisition and integration of The Doers Srl**, a consulting company specialized in innovation for corporates, to guarantee the widest offer in Italy full service for Open Innovation
- **The first 2020 Sustainability Report was approved**, which has made it possible to highlight a development model based on solidarity processes and social ties, which connects resources and skills and experiments with innovative solutions capable of renewing the industrial fabric and generating positive social and environmental impacts

¹ Estimated values for FY 2021, not audited.

Milan, 23 March 2022

The Board of Directors of Digital Magics S.p.A., a certified *business incubator* (symbol: **DM**) listed on the Euronext Growth Milan stock market, organized and managed by Borsa Italiana, today approved the first consolidated financial statements of the Digital Magics Group and the draft financial statements for the year ended 31 December 2021.

Marco Gay, Executive Chairman of Digital Magics, commented:

"The 2021 financial year, which has just ended, was one of the most important for our Group and for the innovation ecosystem in Italy. Of great importance were the corporate events that characterized our management: the two capital increases, the first aimed at institutional investors and the second reserved for Luiss University to set off our strategic partnership, the approval and publication of the first sustainability report and the 2021-2025 Business Plan that will bring us to a portfolio value of over 100 million, the acquisition and integration of The Doers, a consulting company specialized in open innovation with which Digital Magics can present itself in the market as the most important innovation platform to support companies and startups.

Equally relevant is the significant and positive evolution of the innovation industry in Italy, which today is finally able to attract a strong interest from national institutional investors. As evidenced by an in-depth analysis conducted by EY Venture Capital Barometer, 2021 closed with a record number of 334 transactions in Italy, for a value of over 1.2 billion euros, an increase of 118% (569 million euros in 2020). We are particularly confident that the current year, despite the uncertainty of the geopolitical context, can mark a moment of great momentum and consolidation for our Group both on the national and international level."

Gabriele Ronchini, Founder and CEO of Digital Magics, commented:

"2021 has been a significant year for Digital Magics: we have worked to achieve the goals we had set forth less than a year ago in our Business Plan. We are already outperforming and have raised resources of around €21 million that will be dedicated to the 5 acceleration programmes planned in 2022. Thanks to these efforts, we will be able to double the number of investments to 40 startups by the end of the year, taking a further step forward in our plan to arrive at 200 startups in portfolio by 2025. Our journey is still long, but we are confident, also thanks to the growth of our team, that we are ready to work, together with the innovation ecosystem, startups, partners, institutions and investors, and expand the opportunities of our Group".

SHAREHOLDERS' MEETING

The Board of Directors resolved to convene the Shareholders' Meeting of Digital Magics on 25 April 2022 on first call and, if necessary, on second call for 26 April 2022, at the times and places that will be communicated in the relevant notice of call that will be published in the manner and terms provided for by applicable legislation and regulations.

The documentation will be available, within the terms of applicable law and regulations, on the website of the Company www.digitalmagics.com in the Investors/Shareholders' Meetings section.

ATTACHED:

- Reclassified Consolidated Income Statement as of 31 December 2021
- Reclassified Consolidated Balance Sheet as of 31 December 2021
- Consolidated Cash Flow Statement as of 31 December 2021

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Digital Magics S.p.A., listed on Euronext Growth Milan (symbol: DM), is a business incubator that supports startups in the digital and tech world with services for the enhancement and acceleration of business. Digital Magics, Talent Garden and Tamburi Investment Partners have created the most important national innovation hub for DIGITAL MADE IN ITALY, offering innovative startups the support to create successful projects, from conception to IPO. Digital Magics



has always been a partner of excellent companies with its Open Innovation services, creating a synergistic bridge between companies and digital startups. Digital Magics' incubation and acceleration services are active in talent garden coworking campuses throughout Italy. Complementary to the services are the investment activities, which have produced over the years a portfolio of 80 investments in startups, scaleups and digital spinoffs with high growth rates.

[Banca Akros S.p.A.](#) acts as Euronext Growth Advisor and Specialist.

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Reclassified Consolidated Income Statement

	Financial year 2021
Revenue from sales, services	2.708.368
Other income and fixed asset increases	501.840
Value of production	3.210.208
Cost of raw materials, subsidiary, consumption and goods	(12.806)
Cost of external services, enjoyment of third-party goods and other charges	(3.064.463)
Value added	132.939
Labour costs	(684.814)
Gross Operating Margin (EBITDA)	(551.875)
Depreciation	(496.748)
Other amending appropriations	(177.304)
Operating result (EBIT)	(1.225.927)
Net financial income (expense)	(2.083)
Value adjustments to financial assets	(2.089.229)
Result before taxes	(3.317.239)
Income taxes for the year	(28.535)
Result for the year	(3.345.774)

Reclassified Consolidated Balance Sheet

	December 31, 2021
Intangible assets	2.330.599
Tangible fixed assets	55.821
Financial fixed assets	15.824.400
Fixed assets	18.210.820
Trade receivables, towards subsidiaries and associates	2.458.535
Other credits	408.337
Financial assets that do not constitute fixed assets	3.640
Accruals and deferred income	71.536
Short-term business activities	2.942.048
Activity of the exercise	21.152.868
Trade payables, to subsidiaries and associates	1.214.896
Other debts	546.108
Accruals and deferred income	79.171
Provisions for risks and charges	17.018
Short-term operating liabilities	1.857.193
Net working capital	1.084.855
End-of-relationship treatment	171.425
NET INVESTED CAPITAL	19.124.250
Equity	24.727.774
Cash equivalents	(11.168.977)
Short-term bank debts	2.349.659
(Position)/Short-term net financial debt	(8.819.318)
(Position)/Medium-long term net financial debt	3.215.794
Net Financial Position	(5.603.524)
OWN FUNDS AND FINANCIAL DEBTS	19.124.250

Consolidated Cash Flow Statement

Financial year 2021

A) Cash flows from operations	
Profit (loss) for the year attributable to the Group	(3.345.774)
Profit (loss) for the year attributable to third parties	-
Profit (loss) for the year	(3.345.774)
Income taxes	8.015
Interest expense/(assets)	68.949
(Dividends)	(192.855)
(Capital gains)/Losses arising from the sale of assets	151.959
1) Profit (loss) for the year before income tax, interest, dividends and capital gains/losses on disposal	(3.309.707)
<i>Adjustments for non-monetary items which were not compensated for in net working capital</i>	
Provisions for funds	39.361
Depreciation of fixed assets	496.748
Write-downs for durable impairment losses	1.824.058
Other adjustments up/(down) for non-monetary items	462.995
Total adjustments for non-monetary items which were not compensated for in net working capital	2.823.162
2) Cash flow before changes in net working capital	(486.545)
<i>Changes in net working capital</i>	
Decrease/(Increase) of receivables from customers	(836.078)
Increase/(Decrease) of payables to suppliers	421.497
Decrease/(Increase) of accruals and deferred income	13.854
Increase/(Decrease) of accruals and deferred expenses	67.844
Other decreases/(Other increases) in net working capital	23.896
Total changes in net working capital	(308.988)
3) Cash flow after changes in net working capital	(795.533)
<i>Other corrections</i>	
Interest collected/(paid)	(68.949)
(Income taxes paid)	(8.015)
Dividends received	192.855
Other receipts/(payments)	(4.557)
Total other corrections	111.334
Cash flow of operating activities (A)	(684.198)
B) Cash flows from investment activity	
<i>Tangible fixed assets</i>	
(Investments)	(17.365)
<i>Intangible assets</i>	
(Investments)	(606.678)
<i>Financial fixed assets</i>	
(Investments)	(2.295.001)
Divestments	226.711
Financial flow of investment activity (B)	(2.692.333)
C) Cash flows from financing activities	
<i>Third party means</i>	
Increase/(Decrease) short-term debts to banks	902.777
(Repayment of loans)	(1.659.230)
<i>Own resources</i>	
Paid capital increase	10.883.748
Financial flow of financing activity (C)	10.127.295

Increase (decrease) in cash equivalents (A ± B ± C)	6.750.764
Effect of the change in the scope of consolidation on cash and cash equivalents	57.256
<i>Cash and cash equivalents at the beginning of the year</i>	
Bank and postal deposits	4.360.696
Money and cash values	261
Total cash and cash equivalents at the beginning of the year	4.360.957
Of which not freely usable	-
<i>Cash and cash equivalents at year-end</i>	
Bank and postal deposits	11.167.917
Money and cash values	1.060
Total cash and cash equivalents at year-end	11.168.977
Of which not freely usable	-