

Regulation “Magic Wand – The Excellence Accelerator – Fintech, Insurtech, Cybersecurity and Blockchain” – Sum-up of Terms and Conditions

The document you are going to read and sign regulates your participation to the incoming batch of Magic Wand, open to early-stage startups operating in Fintech, Insurtech, Cybersecurity and Blockchain.

If you were selected, in order to join the program, you will be required to sign a specific agreement with Digital Magics (“DM”), which will specifically regulate any potential equity investment by DM in your company as well as our relationship as shareholders.

Format

- Once the program’s call has been closed, DM and the program’s corporate partners will identify a shortlist (around 20 startups) that will be invited to participate to pitch in front of a jury composed of Digital Magics and the program’s partners (the so-called Pitch Day, on January 24th, 2020).
- The jury will select up to 10 startups that will join the program. The program is structured in two separate and subsequent phases: *discovery* (2 months) and *validation* (3 months). 6 out of 10 startups will enter the *validation* phase. Please see FAQ No. 3 (available [here](#)) and *Timeline* below to better understand timing and modalities of the selection process.

Why Join the Program?

The **10 startups** that will enter the **discovery phase** will receive the following services:

- 2 (two) co-working desks at DM offices in Milan;
- advisors-led lectures and masterclasses, held by c-levels of the relevant industries, covering all fundamentals from business modelling to product economics, as well as vertical lectures covering insights of the target markets;
- weekly sessions with DM mentors.

The **6 startups** that will enter the **validation phase** will receive the following services and investments:

Services

- weekly mentorship and strategic advisory sessions with DM mentors;
- advisors-led lectures and masterclasses, held by c-levels of relevant companies/startups in the target markets, covering all scaling fundamentals from go-to-market, financial planning and pitching to legal, business development and fundraising;
- legal advisory and deal structuring services, in particular for preparing and executing a fundraising round;
- financial advisory for fundraising, also with reference to aided finance (e.g. *Smart&Start*);
- access to the *Investor Day*.

Investment

- an equity investment by DM at the beginning of the *validation phase* of Euro **90.000**, Euro **15.000** of which by cash and Euro **75.000** as work for equity for the provision of the services (“**DM Entrance Investment**”).

Additionally, **investments accelerate as you accelerate**:

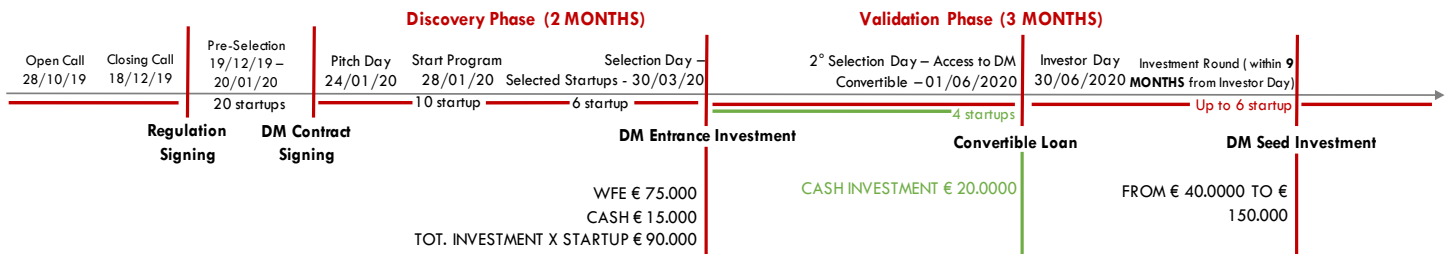
- Additional Euro **20.000**, as a convertible loan, will be invested in the best 4 (out of 6) performing startups, as selected around 30 days before the *Investor Day* (“**Convertible Loan**”);

- DM undertakes to invest (at minimum) Euro **40.000** (“**DM Seed Investment**”) and could invest up to Euro **150.000** in those startups that close a round within 9 months after the conclusion of the program.
- DM will setup an investment vehicle dedicated to raise funds through a crowdfunding campaign to be invested in the fundraising round of the 6 selected startups (up to Euro 150.000 for each one).

What we ask

- We have a standard deal. We get up to 10% of the company share capital as consideration of acceleration services and the first **15 K€** cash investment (Euro 90.000 investment).
- Additionally, we ask for a **20%** discount over the *pre-money* valuation of the first fundraising round completed within 18 months over any additional investment up to Euro **150.000** (including the Convertible Loan and the DM Seed Investment, where applicable).

Timeline



Regulation “Magic Wand – The Excellence Accelerator – Fintech, Insurtech, Cybersecurity and Blockchain”

1. Whereas

The purpose of this regulation is to establish the main terms and conditions of “*Magic Wand – The Excellence Accelerator*”, the acceleration program designed and launched by Digital Magics S.p.A. (“**Digital Magics**” or “**DM**”) in partnership with some relevant corporate partners, as further detailed in Annex A (jointly and/or severally, “**Partner**”), in order to identify and accelerate *early-stage* startups led by outstanding teams that are developing innovative technologies/models and products for those markets (“**Target Markets**”) indicated in Annex A (“**Acceleration Program**” and/or “**Program**”). The subjects applying to the Program (“**Applicants**”) shall operate in Italy or Europe or have significant current or future operations in Italy or Europe. The Program is aimed at fostering the growth of the business of the Applicants and it provides for, *inter alia*, the supply of services by DM in favour of the startups (also by involving *advisors* and experts from relevant industrial sectors - “**Advisors**”), and the potential equity investments by DM and/or the Partners in the startups.

- 1.1. Startups apply to a competitive process, whose participants, phases, terms and conditions are provided for in this regulation and related Annex A (jointly “**Regulation**”).
- 1.2. The Acceleration Program does not constitute an award contest pursuant to the Italian Presidential Decree No. 43/2001, as it expressly falls within the scope of the exception *ex art. 6, para. 1, lett. a)* of the aforesaid decree (“*Contests or competitions organized for the production of literary, artistic or scientific works, as well as the submission of works in the business or industrial sector, under which the awarding of the prize to the author of the selected work may be deemed as a consideration for service or represent the acknowledgment for personal merit or an encouragement in the public interest, shall not be regarded as prize contests or competitions*”).

2. Subjects and Requirements

- 2.1. The application to the Program is open to:
 - 2.1.1. individuals (or teams of individuals), aged at least 18 years old;
 - 2.1.2. entities: partnerships and/or limited liability companies (with reference to companies established under the Law of Italy, preferably in the form of “*innovative startups*” *ex* Law No. 221/2012 and subsequent amendments), whose corporate capital is held by one or more legal entities or individuals (aged at least 18 years old).
- 2.2. Notwithstanding the above, with the execution of this Regulation and as a pre-condition for being eligible as “**Selected Startups**” (as defined in article 4.1), the individuals and partnerships that have not set up yet a company, within 10 (ten) days from the conclusion of the so-called “*discovery*” phase, shall (i) incorporate a limited liability company having as corporate purpose the Project (as defined below), and (ii) with exclusive reference to companies incorporated under the Law of Italy, apply for registration as *innovative startup* under Law No. 221/2012.

3. Application

- 3.1. To be eligible for the Program, the Applicants shall submit their application according to the following terms and condition:
 - 3.1.1. term: within the deadline indicated in Annex A;
 - 3.1.2. procedure: through the website dedicated to the Program (www.magicwand.digitalmagics.com) and following the procedure described therein;
 - 3.1.3. by uploading the project documentation (*inter alia*, the *pitch*), to be prepared in *pdf* format, including the following information: description of the developed (or in process of development) product/service, analysis of the relevant market and competitive *scenario*, description of the *team* and its competences, development *roadmap* ("**Project**").
- 3.2. In order to submit the application, every Applicant shall execute this Regulation through a remote acceptance modality and using the so-called "*point and click*" technique (by "*flagging*" a not pre-selected box) and, to this end, represents that: (i) he/she is 18 years old or over; (ii) he/she has full capacity to act; (iii) in the case referred to in article 2.1.2, he/she has full powers to execute this Regulation on behalf of the interested company; (iv) accept and commit to any obligation of this Regulation.

4. Program's modalities and procedure

- 4.1. **Pre-Selection.** Once the deadline referred to in article 3.1.1 above has expired, Digital Magics, jointly with the Partners, will preliminarily identify a shortlist (around no. 20) of the Projects deemed to be more innovative, expressly excluding those Applicants that do not meet the requirements set forth in article 2 ("**Pre-Selected Startups**"). Pre-Selected Startups will be invited to pitch and discuss their Projects before a jury composed of representatives of DM and the Partners ("**Pitch Day**"). Every Pre-Selected Startups invited to the Pitch Day will be required to carefully evaluate and sign the contract that regulates the terms and conditions of the Program (as further detailed in article 6.1). The jury, at its own discretion and on the basis of the *criteria* set forth in article 5.2, will select up to 10 (ten) startups among the abovementioned Pre-Selected Startups ("**Participating Startups**") which will join the Program.
- 4.2. The Acceleration Program is structured in two separate and subsequent phases: (i) the "*discovery*" phase, lasting around 2 (two) months, where an in-depth assessment of the Project is performed (with reference to some relevant *criteria*: competences, completeness, maturity of the team, size and appeal of the Project, relevant market, product/market fit); (ii) the "*validation*" phase, lasting around 3 (three) months, where the validity of the Project is tested (with reference to market KPIs). At the end of the "*discovery*" phase DM, jointly with the Partners, will select 6 (six) startups among the Participating Startups that will participate to the "*validation*" phase ("**Selected Startups**"). The Selected Startups will take part to the *Investor Day*, the final event at the end the Program, where they will have the opportunity to meet investors, corporates, mentors and press attendees.
- 4.3. Specific modalities, contents and timeline of the Acceleration Program are further described in Annex A.

5. Evaluation and Selection Process

- 5.1. The evaluation is carried out through the two-stage process described in article 4. DM and the Partners will decide autonomously and at their own undisputable discretion how to allocate their respective votes. However, some main evaluation criteria that DM and the Partners may adopt are described below (by way of example, but not limited to).
- 5.2. With reference to the pre-selection phase under article 4.1, and without prejudice to the provisions referred to in article 2.2 and 4.1, startups that submit (i) Projects described through insufficient and/or inappropriate documentation (total or partial lack, unclear or unreadable materials), and/or (ii) “*out-of-scope*” Projects (not in line with the Program’s objectives and/or Relevant Markets), will be immediately excluded. Furthermore, the jury will assess and identify the Pre-Selected Startups and the Participating Startups taking into account (by way of example, but not limited to) the following *criteria*:
 - 5.2.1. innovative and original idea/approach;
 - 5.2.2. *teams* with heterogeneous and complementary competences;
 - 5.2.3. significant market size (at a national/international level), attractive growth rates;
 - 5.2.4. good presentation at *Pitch Day*.
- 5.3. At the end of the “*discovery*” phase, the jury composed of representatives of DM and the Partners will assess the Projects of the Participating Startups with the aim of identifying the Selected Startups that will participate to the “*validation*” phase of the Program, taking into account (by way of example, but not limited to) the following *criteria*:
 - 5.3.1. proactive attendance to *lectures/masterclass, mentorship* sessions;
 - 5.3.2. operational *team*, with appropriate competences to run the Project;
 - 5.3.3. good understanding of the market characteristics and of the market/product fit (*business model* etc.);
 - 5.3.4. clear and ambitious *roadmap*;
 - 5.3.5. achievement of KPIs/metrics determined jointly with DM.

6. Services for startups, terms and conditions

- 6.1. As a necessary pre-condition to apply to the Program, Participating Startups shall execute a contract with DM which sets forth the terms and conditions of the Program, the supply of services by DM during the “*validation*” phase, the terms and condition of the possible equity investment(s) by DM (“**DM Contract**”), as further detailed in Annex A.

7. Representations and warranties - indemnity clause

- 7.1 Each Applicant acknowledges, represents and warrants that the Project:
 - 7.1.1. is an original work, whose intellectual property and correspondent economic exploitation rights are held by the Applicant;
 - 7.1.2. does not contain any trademark, logo, third-party copyright and/or other feature protected by the intellectual property law, or, in the case that a third party right exists, the applying subject holds all relevant authorizations and licenses to exploit it;

- 7.1.3. does not infringe any third party right including, *inter alia*, economic exploitation rights, patents, industrial secrets, rights under contracts or licenses, publicity or *privacy* rights, moral rights, data protection rights or any other right that deserves protection;
- 7.1.4. does not constitute the object of a contract with third parties;
- 7.1.5. does not contain any defamatory content, representation, offensive consideration or any other content that might harm the name, honour or reputation of DM, the Advisors, the Partners and/or any other person or company;
- 7.1.6. does not contain neither any pornographic, sexual or discriminatory content (specifically including any form of discrimination based on race, gender, sexual orientation, religion and/or political beliefs of individuals and groups), nor contents inciting violence or infringement of rights or any other offensive, obscene or inappropriate content;
- 7.1.7. does not contain any threat or any content aimed at intimidating, harassing, harming the private life of an individual;
- 7.1.8. does not infringe any applicable law and does not contain any content encouraging unlawful conduct (also with reference, but not limited to, the crimes referred to in the Legislative Decree No. 231/2001);
- 7.1.9. as far as reasonably practicable, will not contain any data able to reveal race, political or religious beliefs, trade-union membership, genetic and biometric information, information concerning health, sexual life and orientation, as well as information regarding criminal convictions or crimes, related to Program's participants.

7.2 The Applicant expressly undertakes (on their own and on behalf of their successors/assignees) to indemnify and hold harmless DM, the Advisors and the Partners from and against any liability and/or adverse consequence (for example, but not limited to, third party's claim, compensation or damage) that might be caused, directly or indirectly, by the infringement of any provision referred to in article 7.1 or elsewhere in this Regulation, within the maximum extent provided for by the applicable law.

8. Intellectual and industrial property

- 8.1. All the intellectual and industrial property rights related to the Project belongs to the Applicants that have developed and submitted them by applying to the Program. Each Applicant, at its own exclusive liability, undertakes to protect any innovative and/or original feature of the Project by the means that he/she deems appropriate.
- 8.2. By executing this Regulation, for the entire duration of the Program and for 6 (six) months subsequent to its end, each Pre-Selected Startup shall grant to DM a royalty free, non-exclusive, without territory restriction, license for the economic exploitation of the Projects (throughout representation, publication and dissemination), solely for the purpose of: (i) allowing DM to fulfil its commitments under this Regulation; and (ii) promoting the Program and the Project. This license is neither transferrable nor assignable to third parties, in whole or in part, without the prior approval of the Pre-Selected Startups.

9. Personal data processing

- 9.1. Personal data provided by the Applicants for the Program will be processed by DM and/or its affiliate in compliance with the privacy policy, drafted by DM pursuant to Articles 13 and 14 of the EU Regulation No. 2016/679, which constitutes an integral part of this Regulation, available at the following link: www.magicwand.digitalmagics.com.

10. General Terms

- 10.1. DM reserves the right to involve other Partners in the Program, additional to those ones indicated in Annex A, at any time during the Program. In this event, upon notice of the new Partners' name through the Program's website, every obligation and/or right set out in this Regulation with reference to Partners as a group will be automatically extended to the new Partner, unless otherwise specified.
- 10.2. DM reserves the right to cancel, modify and/or suspend, in whole or in part and at any time, the Acceleration Program, as well as every content, aspect or selection criteria, and/or to select a lower or higher number of Pre-Selected Startups and/or Participating Startups and/or Selected Startups compared to that one initially forecasted, at its sole discretion but after communicating these modifications through the Program's website.
- 10.3. DM may transfer or assign any right and/or obligation provided for under the Program or this Regulation to any company belonging to DM's "group" and/or portfolio.
- 10.4. In addition to the provisions of article 2.3 above, DM reserves the right to, at its sole discretion, disqualify every Pre-Selected Startup or Participating Startup that: (a) tries to breach and/or tamper with and/or misrepresent in any way, the registration process and/or the Program's operations; (b) infringes this Regulation; (c) behaves in an inappropriate and/or unfair way, jeopardizing the peaceful and correct performance of the Program.
- 10.5. In any circumstance the *application* to the Program, selection and/or any eventual reimbursement of expenses under this Regulation may not be interpreted as an employment proposal and/or contract with DM.

11. Truthfulness of information

- 11.1. Applicants guarantee that all information, data and, more generally, any other material submitted to DM by enrolling and/or during the Program, are accurate, correct, truthful and complete. Those subjects assume the full and sole liability for any breach of this representation.

12. Effectiveness

- 12.1. Obligations under this Regulation will be effective from the completion of the application and will remain in force until the end of the Program, except for article 7.2 of this Regulation and article 4 of Annex A.

13. Governing Law and Jurisdiction

- 13.1. This Regulation shall be governed by the law of Italy. Any dispute arising out of this Regulation, including disputes regarding its validity, interpretation, execution, termination, for any reason whatsoever, or fulfilment, shall be exclusively referred to the Court of Milan. Any other competitive or alternative Court shall be specifically excluded.

Annex A – Terms and Conditions of “Magic Wand – The Excellence Accelerator: Fintech, Insurtech, Cybersecurity and Blockchain”

1. Target Markets

1.1. Subjects interested in applying to the Program shall operate in any of the following market/segments (as detailed in the infographic below – “Target Market”):

1.1.1. Fintech;

1.1.1.1. Banking & Payments

1.1.1.2. Investments

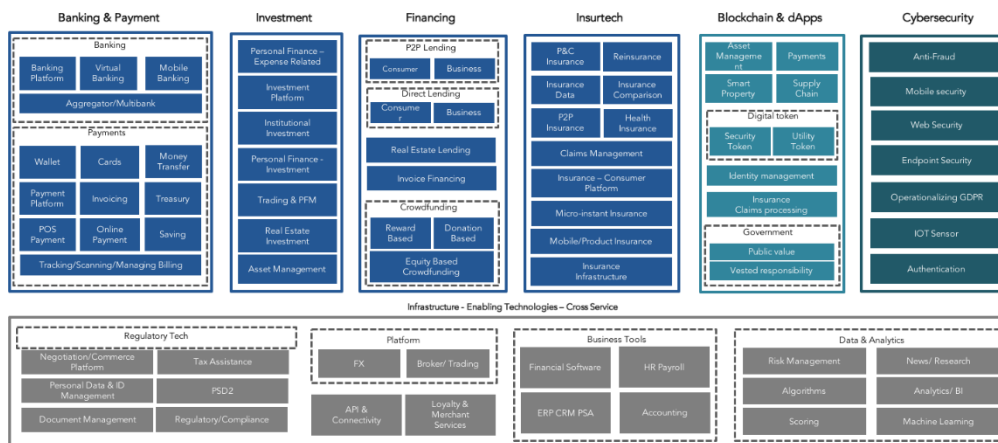
1.1.1.3. Financing

1.1.2. Insurtech Area;

1.1.3. Blockchain & dApps;

1.1.4. Cybersecurity;

1.1.5. Infrastructure, Enabling Technologies, Cross Services related to the areas described in Articles 1.1.1, 1.1.2, 1.1.3, 1.1.4.



1.1
Infographic:
Target
Markets

2. Program’s Partners

2.1. The Program is launched by DM in partnership with some relevant corporate partners operating in the Target Markets and, in particular: [Reale Mutua, SisalPay, [...]].

3. Services and Investments for Participating Startups and/or Selected Startups

3.1. Upon the execution of the DM Contract and without prejudice to any provision detailed therein, each Participating Startup will receive, as a recognition for having satisfied, *inter alia*, the requirements for the access to the “discovery” phase (as referred to in article 5.2) and as an incentive to continue with the Program (for the “validation” phase):

3.1.1. 2 (two) co-working desks at DM offices in Milan;

3.1.2. advisors-led lectures and masterclasses, held by c-levels of the relevant industries, covering all fundamentals from business modelling and market analysis to competitive positioning and product economics, as well as vertical lectures covering insights and specific characteristics of the Target Markets;

- 3.1.3. weekly sessions with DM mentors, who may provide hands-on support to founding teams to understand the fundamentals of their business, identify and become conscious of their respective economics and KPIs, keeping them up-to-date and understanding how to report them to relevant stakeholders.
- 3.2. In addition to above article 3.1, each Selected Startup will have access (during the “*validation*” phase) to the following services (“**Services**”) and potential investments:
 - 3.2.1. weekly mentorship and strategic advisory sessions with DM mentors, who may provide hands-on support to founding teams to understand how to scale, throughout growing tractions and progressive fundraising stages; in this context, the DM team may also provide some valuable introductions;
 - 3.2.2. advisors-led lectures and masterclasses, held by c-levels of relevant companies/startups in the Target Markets, covering all scaling fundamentals from go-to-market, financial planning and pitching to legal, business development and fundraising;
 - 3.2.3. legal advisory and deal structuring services for structuring commercial/industrial partnerships and contracts, understanding how to comply any applicable regulation and/or preparing and executing a fundraising round;
 - 3.2.4. financial advisory for fundraising, also with reference to aided finance (e.g. *Smart&Start*, access to debt partially guaranteed by Medio Credito Centrale);
 - 3.2.5. access to the *Investor Day*, a dedicated event where Selected Startups will have the opportunity to meet active investors in the industry, corporates, mentors and press attendees;
 - 3.2.6. an investment by DM of total Euro 90.000,00 (ninety thousands/00), Euro 15.000,00 (fifteen thousand/00) of which by cash and the remaining Euro 75.000,00 (seventy-five thousands/00) (VAT excluded) as a sort of work for equity for the provision of the services (as detailed from article 3.2.1 to article 3.2.5) (“**DM Entrance Investment**”);
 - 3.2.7. a potential additional investment by DM of Euro 20.000,00 (twenty/00 thousands), in the form of a convertible loan (“**Convertible Loan**”), to be granted by DM to the Best Performers (as defined below) around 30 (thirty) days before the Investor Day. This Convertible Loan may be granted to (minimum) 4 (four) startups among the Selected Startups (“**Best Performers**”), on the basis of another selection step performed by DM and the Partners, at their own discretion, taking into account, *inter alia*, the KPIs/tractions achieved by each Selected Startups during the Program.

4. **DM Contract and further relationship subsequent to the conclusion of the Program**

- 4.1. By executing this Regulation and entering into the DM Contract, each Selected Startup undertakes to grant to DM the right to execute the DM Entrance Investment by subscribing a number of shares equal to maximum the 10,00% (ten/00 percent) of its share capital.
- 4.2. The Convertible Loan referred to in article 3.2.7 will have a duration of 18 (eighteen) months and will grant to DM the right to convert the amount of the Convertible Loan into shares of the Best Performers by subscribing the first fundraising round called by the Best Performers after the DM Entrance Investment (“**Fundraising Round**”).
- 4.3. In addition to and without prejudice to the above article 4.1 e 4.2 of this Annex A, DM undertakes to invest Euro 40.000,00 (forty thousands/00) in each Selected Startup by subscribing the Fundraising Round, exclusively provided that the Fundraising Round is

completed (and formally executed) within 9 (nine) months from the conclusion of the Acceleration Program (i.e. from the *Investor Day*) ("**DM Seed Investment**").

- 4.4. Selected Startups will grant to DM an option to invest in their share capital up to maximum Euro 150.000,00 (one-hundred and fifty thousands/00), that will last 18 (eighteen) months from the end of the Acceleration Program (i.e. from the *Investor Day*), in occasion of the Fundraising Round ("**DM Optioned Investment**"). The DM Optioned Investment will be decreased of an amount equal to the DM Seed Investment and the Convertible Loan (jointly or severally), in case the relevant conditions set forth by above articles 4.2 and 4.3 are met.
- 4.5. Additionally, DM reserves itself the right to promote the incorporation of an "investment vehicle" according to CONSOB Regulation no. 18592/2013 ("**Crowd Vehicle**") with the purpose of raising funds through crowdfunding campaigns to be invested in the Selected Startups in occasion of the Fundraising Round (and/or in subsequent fundraising rounds). In the event that the fundraising crowdfunding campaign is successful, the Crowd Vehicle, if incorporated, shall have the right to invest up to Euro 150.000,00 in each Selected Startup ("**Vehicle Optioned Investment**").
- 4.6. Each Selected Startups shall grant to both DM and the Vehicle a 20,00% (twenty/00 percent) discount rate on the *pre-money* valuation of the Selected Startup agreed with third investors interested to the Fundraising Round, respectively, over: (i) the Convertible Loan, (ii) the DM Seed Investment, (iii) the DM Optioned Investment and (iv) the Vehicle Optioned Investment.
- 4.7. Any of the commitment provided for under this article 4 shall be taken by the Selected Startup on its own and on behalf of its shareholders at the time of the *application* to the Program.
- 4.8. Applicants acknowledge and agree that the terms, modalities and conditions of the DM Entrance Investment, the Convertible Loan, the DM Seed Investment, the DM Optioned Investments and the Vehicle Optioned Investment will be further detailed and set forth within the DM Contract.

5. Timeline

