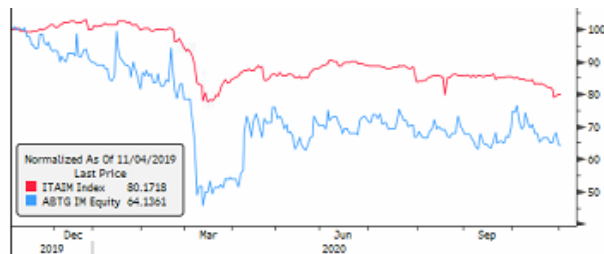


ABTG	<i>Italy</i>	<i>FTSE AIM Italia</i>	<i>Educational Services</i>
Rating: BUY	Target Price: € 3,10	Initiation of Coverage	Risk: Medium

Stock performance	1M	3M	6M	1Y
absolute	-13,73%	-6,13%	-11,55%	-35,86%
to FTSE AIM Italia	-8,29%	-1,32%	-5,39%	-16,04%
to FTSE STAR Italia	-9,81%	-7,26%	-28,34%	-40,24%
to FTSE All-Share	-9,72%	-0,82%	-18,98%	-15,11%
to EUROSTOXX	-8,36%	0,91%	-18,76%	-18,25%
to MSCI World Index	-10,79%	-4,79%	-26,33%	-37,26%

Stocks performance relative to FTSE AIM Italia



Stock Data

Price	€ 1,23
Target price	€ 3,10
Upside/(Downside) potential	153,2%
Bloomberg Code	ABTG IM EQUITY
Market Cap (€m)	6,24
EV (€m)	5,70
Free Float	49,65%
Share Outstanding	5.094.361
52-week high	€ 1,98
52-week low	€ 0,83
Average daily volumes (3m)	6.500

Company Overview

Alfio Bardolla Training Group (ABTG) operates in the field of non-formal personal financial training on the Italian market and, in a residual way, on the Spanish market. The Company operates on the personal training in the areas: money psychology, real estate investment, financial market trading, business development and Internet royalties. Various segments are developed through specialized training paths and individual training paths led in classroom or online. Training processes typically start with two or three-day events called "WakeUp Call".

Key Financials (€m)	FY19A	FY20E	FY21E	FY22E
Sales	12,2	10,0	13,0	15,5
VoP	12,3	10,1	13,0	15,5
EBITDA	0,8	2,6	3,5	4,2
EBIT	-1,1	1,3	1,8	2,5
Net Profit	-1,2	0,6	1,1	1,6
EPS (€)	-0,24	0,12	0,22	0,32
EBITDA margin	6,2%	26,0%	26,9%	27,1%
EBIT margin	-9,1%	12,5%	13,8%	16,1%

Market

The Group operates in the field of non-formal personal financial training on the Italian market and, in a residual way, on the Spanish market. Training, according to ISTAT, is a continuous process composed of learning events linked to the cycle of acquisition, application and updating of knowledge and skills during the whole lifetime, not just related to the professional life. Between 2012 and 2017, the share of adults taking part in the formal training activities decreased from 5.8% to 5.2% (the percentage is obviously higher among young people, up to 24 years old, equal to 33.7%), while the share of participants in non-formal training activities rose from 31.4% to 37.0%.

Main Ratios	FY19A	FY20E	FY21E	FY22E
EV/EBITDA (x)	7,5	2,2	1,6	1,4
EV/EBIT (x)	N/A	4,5	3,2	2,3
P/E (x)	N/A	10,3	5,7	3,9

Valuation

We have conducted the valuation of ABTG's equity value based on the DCF methodology. The DCF method (which in the calculation of the WACC includes for prudential purposes also a specific risk of 2.5%) provides an equity value of €15.8 million.

The target price is €3.10, rating BUY and MEDIUM risk.

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1. Company Overview

1.1 Activity

Alfio Bardolla Training Group (ABTG) operates in the field of non-formal personal financial training on the Italian market and, in a residual manner, on the Spanish market. The Company operates on personal training in the areas: money psychology, real estate investment, financial market trading, business development, and Internet royalties. In particular, the Company is a leader in Italy in digital financial and business training, ABTG creates and develops online and offline training courses.

Various segments are developed through specialized training paths and individual training paths led in the classroom or online. Training processes typically start with two or three-day events called “WakeUp Call”.

In addition to the courses, ABTG operates in the publishing sector, offering customers a range of free and paid products through ebooks, video and audio-courses, as well as board games for practice. Finally, the Group sells books written by the founder and Chairman of the Board of Directors Alfio Bardolla, published in Italy by Sperling&Kupfer and Gribaudo.

ABTG carries out the activity based on: a highly specialized offer, a database of clients for marketing campaigns, the high customer satisfaction rate, and the consolidated experience in the organization and commercialization of seminars and coaching. All the training paths aim to support the client in obtaining financial freedom.

ABTG has been an “Innovative SME” since July 6, 2017. The Company, with offices in Italy, Spain, and more than 100 employees, has supported over 43,000 clients among whom managers, entrepreneurs, and sportsmen on economic and financial topics. ABTG staff consists of 20 employees as managers and administrative staff and 45 commercial employees.

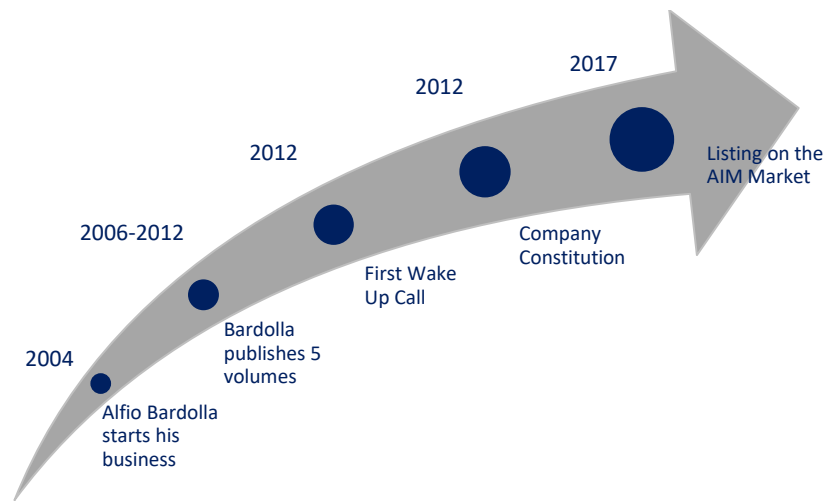
Chart 1 – ABTG



Source: ABTG

1.2 Company Story

Chart 2 – Equity Story



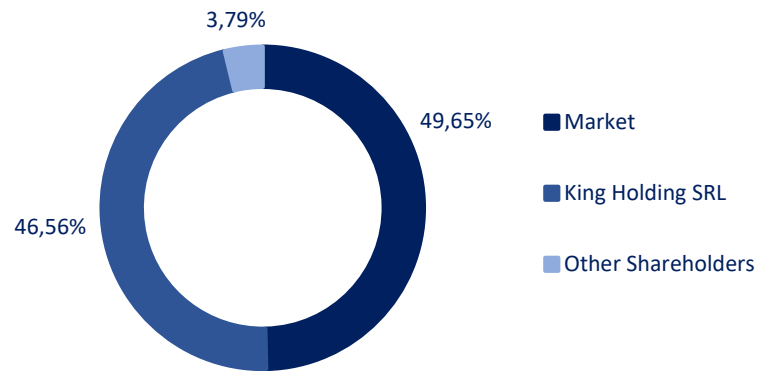
Source: ABTG

- About nine years before the company was founded Alfio Bardolla began his financial coaching activity at the Roberto Re training school, with which he has been collaborating for several years.
- In 2006, Alfio Bardolla began his own financial training activity and published his first book, between 2006 and 2012, he wrote five volumes on the psychology of money: “Money makes Happiness”, the most successful book with more than 100,000 copies sold published in 2006, “The Art of Wealth” published in 2008, “Millionaires in 2 years and 7 months” published in 2010, “Business Revolution” published in 2011, “The money explained to my children” published in 2012, and “Everything you need to know about money (and that they will never teach you at school)”, published in 2013.
- In 2012, Alfio Bardolla organized his first “Wake Up Call” event with about 300 participants. Before the outbreak of the Covid-19 epidemic, these events accounted for about 10% of the Company’s revenues.
- In October 2012, the company called Alfio Bardolla Training Group S.p.A. was established in the form of a joint-stock company.
- ABTG is listed on the AIM market. With the IPO, it collected € 3.1 million, resulting in a capitalization of € 10.6 million (one of the smallest companies on the market at the time of the listing). The main objectives of the listing were: the consolidation of its competitive positioning, the development abroad, the development of the online market, and the capitalization of the database.

1.3 Stakeholders

ABTG is controlled: by King Holding SRL for 46.56%, by the market for 49.65%, and for the remaining 3.79% by other shareholders.

Chart 3 – Shareholders



Source: ABTG

1.4 Key People

Alfio Bardolla - President and CEO

He graduated in Banking, Financial and Insurance Sciences from the Catholic University of the Sacred Heart of Milan. In 2014 he created the Master Trainer of Alfio Bardolla Training Group S.p.A., a company today leader in personal financial education in Europe. He is also a well-established Italian author on personal finance topic: in 2006 he published “Money makes Happiness”, in 2008 “The Art of Wealth”, in 2010 “Millionaires in 2 years and 7 months”, in 2011 “Business Revolution”, and finally, in 2012 “The money explained to my children”. In addition, his work “What you need to know about money” came out in the newspaper attached to the daily newspaper Libero and consists of six volumes.

Federica Parigi – Non-Executive Director

She graduated in International Marketing from the Commercial University L. Bocconi of Milan in 2003. She started her management activity at DxO Labs, a French software company where she dealt with marketing strategies and market growth. Then she continued her career as a business development manager at IT-Finance, where she had the opportunity to work with brokers, online banks, investment companies, and investors.

Robert Allen – Non-Executive Director

He obtained the M.B.A. from Brigham Young University in 1974. He began investing in real estate with considerable success shortly afterward. Over the last 35 years, he has organized several financial training courses in which millions of people have participated. He is the author of numerous publications on financial education topic: “Multiple Streams of Income: How to Generate a Lifetime of Unlimited Wealth”, “Creating Wealth”, “Nothing Down”, “Multiple Streams of Income” and “The One Minute Millionaire”, all of these are best-sellers of the New York Times.

Nicola De Biase – Non-Executive Director

In 2003 he graduated in Economics of Financial Markets from the Bocconi University. He has gained significant experience in the private equity sector, where he has a long career track record in primary investment companies, among them: Convergenza S.C.A., Cape Natixis SGR, and Italglobal Partner. Since 2019, he is Partner and investor in Ethica Global Investments, an investment company operating in private equity.

Vittorio Rocchetti – Independent Director

He graduated in Economics and Commerce from the University of Modena in 1986 and has been enrolled in the Register of Chartered Accountants since 1989. Since 1995 he has also been a Statutory auditor. After his first experience as an employee of Banca Popolare di Novara, he has developed great experience in many companies, including Ligurcapital, Banca Carige, Azimut Holding, CGM Italia, Azimut Capital Management SGR, and others. Since 2018, he is also the Auditor of the Municipality of Portofino (GE).

2. The Business Model

Alfio Bardolla Training Group (ABTG) operates in the field of non-formal personal financial training on the Italian market and residually on the Spanish market. The Company operates on personal training in the areas: money psychology, real estate investment, financial market trading, business development, and Internet royalties.

2.1 Business Process

The AGTB business model can be divided into two categories: traditional business and online business.

2.1.1 Traditional business

The traditional business model of ABTG is developed in five phases, starting from the acquisition of the data of the potential customer (lead) and up to the sale of the training products offered by the Company.

The five phases are: lead acquisition, lead transformation into a customer, sale of “Wake Up Call” participations, sale of specialistic courses, and sales of coaching paths.

Chart 4 – The Traditional Business Model



Source: AGTB

Lead acquisition

The potential lead is acquired through online promotion (web or social), offline promotion, and word of mouth. Resources are made available free of charge in pdf, video, or images in exchange for the registration with personal data such as e-mail, name, and telephone number, thus generating a lead.

Transformation of the lead into a customer

The lead is assigned to a salesperson who contacts the potential customer, to verify the interest in the purchasing of a product. The lead becomes a customer when he/she purchases a product.

Sale of the participation in the WakeUp Call event

The customer, satisfied with the first purchase, can decide to start the actual training course, deciding to buy a ticket and to participate in the “WakeUp Call” event-course.

Sale of specialistic courses

Following participation in the WakeUp Call event, if the customer considers it necessary to investigate certain topics, he/she may purchase a course in the subject area considered the most appropriate. This stage may involve the purchase of multiple courses.

Sale of Coaching Paths

If the customer considers it necessary to investigate certain topics covered in the courses or needs personalized advice, he/she can purchase a Coaching service with an ABTG trainer/consultant.

2.1.2 Business Online

The online business model provides for the creation of free training content (“Masterclass”) in the form of “mini-films” that allow the potential customer to have immediate technical information and in-depth information about the training product. Once the video is watched, the user can purchase the complete online course, or can purchase a path consisting of an online course, coaching, and support tools. This strategy has the merit of creating more interested and more prepared leads, reducing the average time of purchase and increasing the average ticket of entry compared to the previous business model, which involved the sale of the ticket WakeUp Call as an entry point.

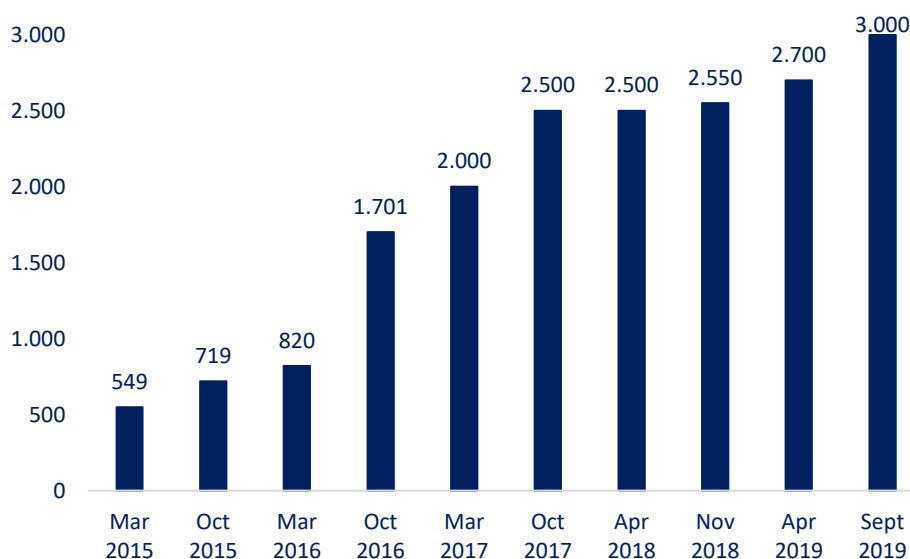
2.2 Product portfolio

ABTG's products historically covered four areas of financial education: money psychology, real estate investment, financial trading, and business. In 2019, the company signed an agreement with Giacomo Bruno, editor, and trainer who has over 20 years of experience in the sector, aimed at launching the new branch Internet Royalties. In addition, in response to the limitations imposed by the Government following the spread of the Covid 19 epidemic, the Company has shifted its focus to online courses.

2.2.1 WakeUp Call

The WakeUp Call (WUP) course is the starting point of the training path. The objective is to transmit to the participants new strategies for the management of their own money, for the identification of the problems related to the profit structures set by each subject, and for the implementation of specific investment techniques. The course has a duration of two or three days. During these days the topics related to the areas, in which the training offer is divided, are covered. The program of the course contains a part focalized on the money psychology and another part on working and replicable techniques in Italy and abroad to obtain automatic revenue.

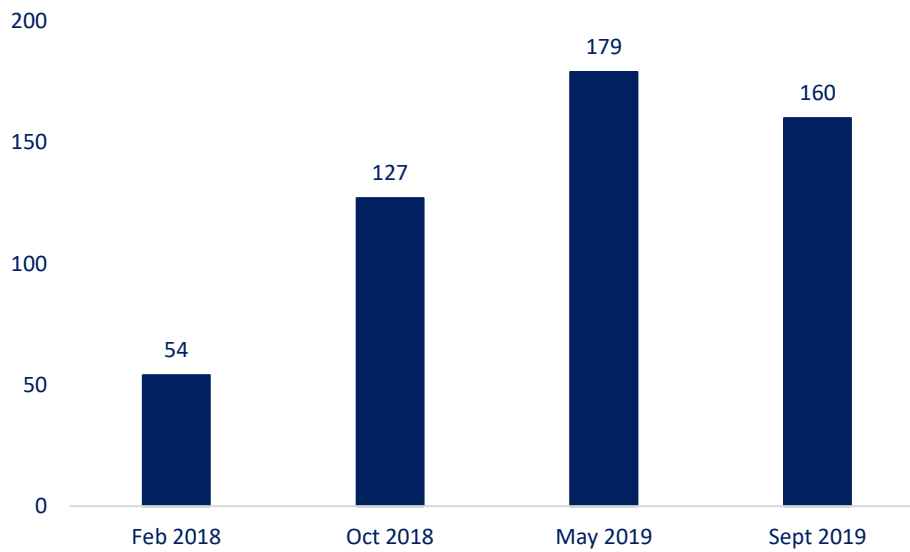
Chart 5 – Wake Up Call Participant Italy



Source: AGTB

The second Italian Wake Up Call in 2019, held on September 27-29, 2019, confirmed the growth of the number of participants in Wake Up Call events, reaching the historical maximum recorded, equal to 3,000. This marked an increase in attendance in 2019 of 13% compared to the previous year, reaching a number of people in the hall of about 5,700 (5,050 in 2018). In 2020, it was not possible to organize such events as a consequence of the spread of the Covid-19 epidemic.

Chart 6 – Wake Up Call Participant Spain



Source: AGTB

Although the second Wake Up Call event in Spain (September 2019) recorded a slight decrease in the number of participants compared to May 2019 (160 compared to 179), the total number of participants recorded a year-on-year growth of 153% compared to 2018.

2.2.2 Specialistic courses

Real estate investments

The real estate investment training path aims to provide the right strategies to invest in the real estate and to analyze and evaluate the market opportunities. The participants are also provided with the main tools and technical knowledge to be able to operate on liquidations and auctions.

- Invest in real estate



The course aims to provide with an expertise on the main techniques for real estate investment. Through the participation in the training course, the legal, fiscal and organizational aspects are studied. The course also deals with basic techniques for the free-market purchase during the real estate auctions, the purchase with compromise sale and the purchase in clearance and liquidation.

- Auctions, Sale of Compromise and Fractionations



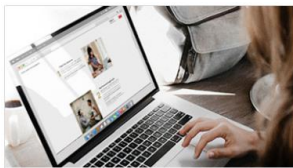
The course focuses on the strategies to be adopted and the problems, including legal ones, connected with the purchase in the foreclosure auctions, the sale of compromise and fractionations.

- Liquidations



The aim of the course is to provide its customers with a preparation for the purchase of a property in clearance and liquidation. In particular, it offers an analysis of the legal, technical and behavioral problems to be applied in every phase of the negotiation with the subject to execution. The course also deals with the various stages of the process: from the obtaining of information on property subject of the auction, to the management of the relationship with the executing party, negotiating with the bank and with creditors, and up to the resale phase.

- Sales – Real Estate Marketing – Revenues



The course focuses on the most important aspects of the process of a property sale, the objective is to provide customers with the appropriate suggestions to facilitate the sale of a property, speeding up the time and maintaining the value of the property unchanged.

Financial Trading

The courses aim to explain to participants the strategies for carrying out Forex trading, as well as trading on the main stock exchange markets and the techniques for managing and storing their own capital. The course is constantly updated and tends to train regarding market evolution, thus including trading on cryptocurrencies and fintech products.

- AB FOREX



The course is structured to provide participants with the tools necessary to operate independently on the currency market, whatever the degree of preparation and experience in trading. The aim is to propose tested strategies and methods of search for operations, which can be replicated independently.

- Options Trading



The course allows the customer to discover and master the techniques of American options trading, in order to exploit the volatility of the securities and the laterality of the market (so-called non-directional trading). In the course participants are assisted in the configuration of their own computer, in the selection of the broker and in the structuring of the strategies.

- Commodity Spread Trading



The course focuses on commodity trading through the Spread Trading technique, which allows to limit the risk exposure and to work using statistical information based on commodity futures behavior in the recent years.

- Trade the Cryptocurrencies



The course focuses on the trading of cryptocurrencies. After an introductory section about the nature of cryptocurrencies and the main purchasing techniques, the course aims to teach the main techniques of investment on cryptocurrencies both with short and very short-term optics and with long-term optics.

Business and Company

The courses are designed to provide participants with the information they need to understand the different factors that can influence the management of companies and to develop skills for the development and growth of their business.

- Business Revolution



The course is structured to support the entrepreneur in redesigning his company so that he can bring more and more gains and freedom. The starting point is a motivational introductory section, then the focus shifts on growth planning, on the creation of a winning team, on the techniques for monitoring the activity and on the approach to the different life cycles of the company.

- Triple the sales



The course is a “full immersion” of business strategy, which aims to lead the company to generate sales much higher than the historical average. The program begins with screening of key customer acquisition and sales techniques. Next, the course covers the selection of a sales team with their incentive system, the creation of a database, the techniques of persuasion and customer loyalty, the monitoring and analysis of data and the transformation of negative news into sales opportunities.

- Automate your business



The course aims to teach how to implement the tools useful to stop working in the company and to start working on the company, thanks to the definition of a three-year organization chart and of strategic and performance indicators thanks to which to know at every moment the company’s progress.

- Other People Money



The course aims to teach how to recognize the right investors for each phase of the company’s life, how to make it attractive on the market, or prepare it to acquire partners or to incorporate competitors. In detail, the initial section deals with how to deal with the phases of the company’s life cycle and the types of investors, the models of acquisition in the market and the indicators for the company’s valuation. In the final part, the course aims to teach the setting up of a business plan and to recognize the main errors of investors and of the entrepreneur who sells.

Internet royalties

On 01/07/2019, the Group initialed an agreement with Giacomo Bruno, publisher and trainer who has over 20 years of experience in the reference sector and aims to launch a set of courses and coaching activities to build a business and to accelerate the process of monetization through multiple Internet channels. The partnership provides for the exclusive use and marketing of the trademarks owned by Giacomo Bruno and the development of further training content licensed exclusively for ABTG.

- “Numero 1”



The course aims to reveal all the secrets of reviving and/or creating a business through a book, instantly increasing authority, becoming the “Number1” of the reference industry and exponentially increasing the revenue of the business, generating an increasing flow of customers.

- Internet Rockstar



The aim of the course is to teach: how to become a successful influencer on Facebook, Instagram and YouTube, how to build a sequel of hundreds of thousands of followers across Italy, how to effectively take advantage of the the social networks power to sell products and services to the community, how to effectively use PR to become an authority on traditional mass communication tools, and how to launch an online brand from a scratch and to generate continuous profits in a fully automated manner.

- Videos that sell



The objective of the course is to teach: how to increase the ability to communicate through the most effective persuasion techniques, how to use marketing strategies to sell through webinars, how to use online videos to reach hundreds of thousands of people, how to use online persuasion to bring users to consciously purchase particular product or service, and how to use direct sales to sell high-cost products and services in real time.

- Multiply customers



The objective of the course is to teach: from A to Z how to set up a successful funnel capable of generating a continuous flow of new customers, how to promote an E-Commerce platform that allows to sell products or services automatically, how to sell products on Amazon, entrusting to it the entire process of order management, how to exploit the affiliation, so as to have a team of digital sellers able to sell simultaneously, how to use dropshipping to sell products overcoming the classic problems related to the management of goods in the warehouse.

2.2.3 Products Online

In response to the lockdown measures imposed by the government, the Company has shifted its focus toward online courses, in order to guarantee its customers the possibility to purchase the products offered by the Company. In particular, the Company has launched:

- **Master Online in Properties for Rent:** consists of more than 80 Training Videos divided into 13 operational modules, plus other materials and bonus videos. Within the course the client will find materials that aim to teach everything one needs to know to make money with the major real estate investments that Alfio Bardolla himself uses to generate a new source of income;
- **Master Online in Forex-Trading:** composed of over 80 video, audio, and pdf documents for a total of over 14 hours of simple and practical lessons, aimed at getting acquainted with the world of Forex Trading: the psychology of successful traders, trading instruments, risk and portfolio management, how to carry out technical analysis and post-news strategy;
- **Online Master in Training Marketing:** composed of more than 80 video, audio, and pdf documents for a total of more than 14 hours of simple and practical lessons, aimed at getting acquainted with the Training Marketing through the fundamental tools of Funnel: Facebook Ads, Optin Page, Email Marketing and Sales Page;
- **Online master in Crypto-Trading:** composed of over 80 video, audio, and pdf documents for a total of over 14 hours of simple and practical lessons, aimed at getting acquainted with the Crypto-Trading through 4 phases: what cryptocurrencies are and how the Blockchain works, how to find and analyze the right opportunities, choose the right strategy and currency, calculate risk and operate with confidence.

2.2.4 Coaching

ABTG's training offer also provides for the possibility to participate in individual courses ("Coaching"), within which customized courses are structured in order to support the customer during his training path. The Company offers to its customers individual courses in the following areas:

- Financial freedom and psychology of money;
- Investment in real estate;
- AB trading school;
- School of business and company.

Individual courses are generally conducted at the registered office or via audio-conference links and are conducted by experts in the field of customer's interest.

2.2.5 Publishing and related products

ABTG offers its customers a range of free and paid products through ebook, video, and audio, as well as board games for practice. In addition, the Company markets books by Alfio Bardolla.

- Money makes happiness



Alfio Bardolla's most famous book. The author aims to teach readers how to live off the interest: what matters, according to Bardolla, is to have a correct psychology of money and the learning of investment techniques accessible to everyone. The focus of the book is on understanding: what are the negative beliefs about money and how to change them, how to create wealth by investing in the real estate, how to invest in the stock market by gaining even when the market falls or is standing still, how to use intelligence and time to cope with the lack of money to invest and how to create automatic systems that generate wealth 24 hours a day.

2.3 Aste Giudiziarie Lombardia Acquisition

The Group also operates in the field of foreclosure auctions, this activity is carried out through the subsidiary company Aste Giudiziarie Lombardia S.r.l., an innovative start-up owner of a real-time aggregation platform of properties present in auctions throughout Italy. The aim is to offer opportunities to participate in the auctions to an audience of individuals who pursue an objective of buying the first or second houses, participating in auctions through specific subscription services. In particular, the Company has developed a proprietary platform that allows the search for all real estate opportunities at auction on the national territory. The business is mainly based on two revenue lines:

- Client consultancy throughout the auction award process (this business is mainly carried out in the province of Brescia and the neighboring provinces);
- Development of a network of partners (affiliates) to enable the use of the “AGL Model” by ensuring training, assistance, and the necessary lead generation.

ABTG announced the acquisition of Aste Giudiziarie Lombardia S.r.l. through the press release issued on 03/07/2019. According to the agreements, 51 % of the shares were purchased at a price compound of a fixed part of € 0.15 million (financed by own resources) and a variable component “earn-out” calculated on 21% of the shares to a multiple of 6 times EBITDA which will be realized in 2020.

The agreement also provides for the possibility for ABTG to acquire the minority package in the period 2024 - 2025 at a multiple of 6 times EBITDA 2023 or on the basis of EBITDA 2024 as follows:

- Between € 0.225 million and € 1 million: a multiple of 3X EBITDA;
- Between € 1 million and € 1.4 million: a multiple of 4X EBITDA;
- Between € 1.4 million and € 1.6 million: a multiple of 5X EBITDA;
- Over € 1.6 million: a multiple of 6X EBITDA.

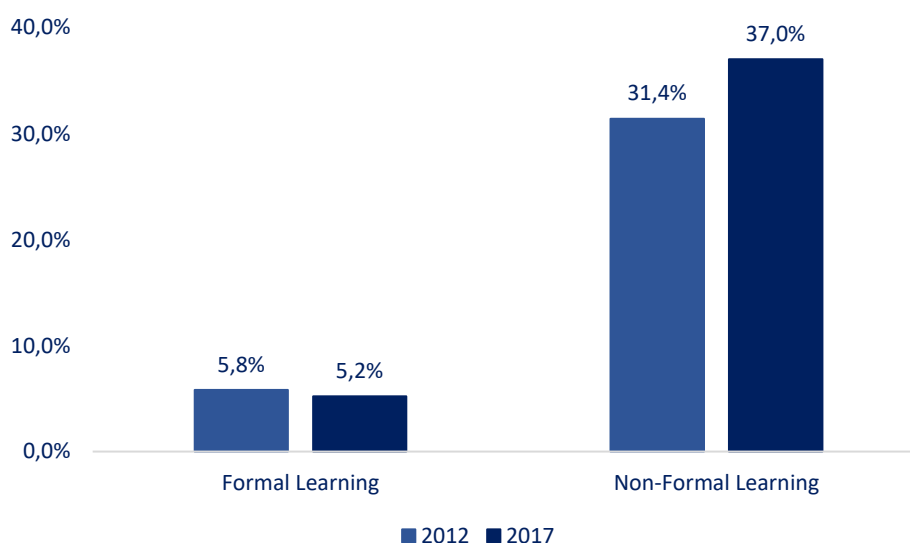
3. The market

The Group operates in the field of non-formal personal financial training on the Italian market and, in a residual way, on the Spanish market.

According to the ISTAT definition, training is a continuous process composed of learning events linked to the cycle of acquisition, application, and updating of knowledge and skills during the whole lifetime, not just related to the professional life. According to the categories developed by ISTAT, the following types can be named: formal training, non-formal training, and informal learning:

- **Formal training activities:** linked to the courses in the framework of the education system, aimed at obtaining qualifications recognized by the national system (from elementary license to the Ph.D.);
- **Non-formal training activities:** these are structured and organized activities which, however, do not allow the acquisition of a degree;
- **Informal learning:** linked to self-training activities that are not structured and are practiced autonomously to acquire or deepen one's knowledge on subjects of personal interest.

Chart 7 – Formal and Non-Formal Learning in Italy between 18 and 74 years old



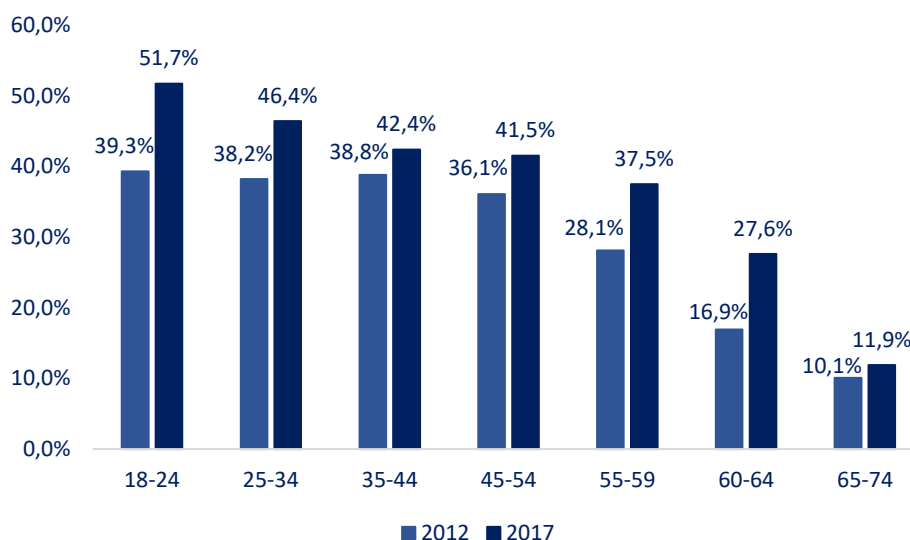
Source: "Adult participation in Training Activities", ISTAT 2017

Through two different studies, ISTAT compared the share of adults (between 18 and 74 years old) who participated in formal and non-formal training activities. Between 2012 and 2017, the share of participants taking part in the formal training activities decreased from 5.8% to 5.2% (the percentage is obviously higher among young people up to 24 years old, equal to 33.7%), while the share of participants in non-formal training activities rose from 31.4% to 37.0%.

3.1 Non-formal Training

The Focus of the Group is on the non-formal training activities, in fact, the courses provided by ABTG do not allow to acquire qualifications recognized by the national system.

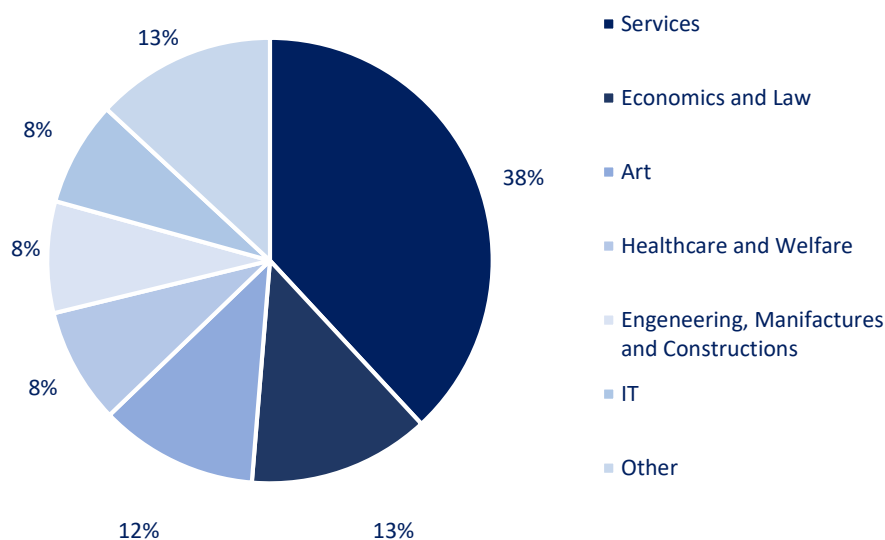
Chart 8 –Non-Formal Learning by Age in Italy 2012-2017



Source: “Adult participation in Training Activities”, ISTAT 2017

Participation in non-formal training activities has increased for each age group identified by the ISTAT reports from 2012 to 2017. The major increases were recorded in the age groups 18-24 and 60-64, which increased from a participation share of 39.3% and 16.9%, respectively, to a share of 51.7% and 27.6%, respectively.

Chart 9 –Non-Formal Learning by Sector in Italy 2017



Source: “Adult participation in Training Activities”, ISTAT 2017

The most covered topics in the non-formal training belong to the Services macro-area (equal to 38.1% of the total), which includes both the courses for safety at work and those more related to personal interests (sports and physical activity courses). On second place are the activities that have as their subject the Economics and the legal sciences (equal to 13.2%), followed by courses in literature and art (equal to 11.5%), which also include activities such as dance, music, ballet, theater, and foreign languages. Meanwhile, the participation is lower in training courses that cover the following topics: health and welfare (8.4%), engineering, manufacturing, and construction (8.1%), or computer science and computer use (7,6%).

4. Swot Analysis

Strengths:

- Expertise in organizing seminars and coaching;
- Training offer highly specialized in personal financial training;
- Customer database to be used for marketing campaigns;
- High customer satisfaction rate, evidenced by the poor use of the “satisfied or refunded” clause;
- Recognition and fame of Alfio Bardolla and the trademark;
- Availability of online courses;
- Important track record both in the segment of the courses and in the publishing segment;
- Credibility linked to the listing on the AIM Italia market;
- Substantial absence of direct competitors.

Weaknesses:

- Brand closely linked to the personality of Alfio Bardolla;
- Small business size.

Opportunities:

- Opportunities for internationalization;
- The growing interest in financial training;
- Online market growth

Threats:

- The entry of new competitors on the national market;
- Possible regulatory difficulties on foreign markets;
- Possible changes in the regulations on the Italian market;
- Possible difficulties related to the spread of the Covid-19 epidemic.

5. Economics & Financials

Table 1 – Economics & Financials

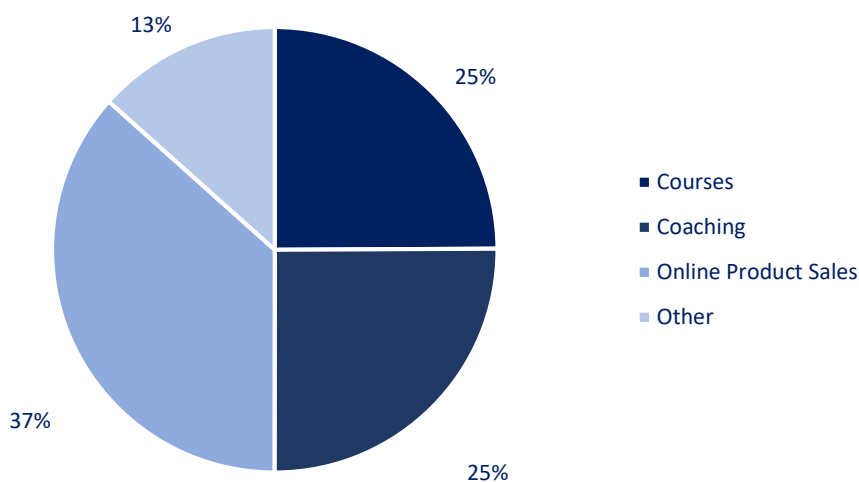
INCOME STATEMENT (€/mln)	FY19A	FY20E	FY21E	FY22E	FY23E
Revenues	12,17	10,00	13,00	15,50	18,00
Other Revenues	0,12	0,05	0,00	0,00	0,00
Value of Production	12,29	10,05	13,00	15,50	18,00
COGS	0,13	0,05	0,15	0,20	0,25
Use of assets owned by others	0,51	0,55	0,70	0,90	1,00
Services	8,92	5,30	6,90	8,25	8,75
Employees	1,70	1,45	1,50	1,65	1,85
Other Operating Expenses	0,27	0,10	0,25	0,30	0,35
EBITDA	0,76	2,60	3,50	4,20	5,80
<i>EBITDA Margin</i>	<i>6,2%</i>	<i>26,0%</i>	<i>26,9%</i>	<i>27,1%</i>	<i>32,2%</i>
D&A	1,87	1,35	1,70	1,70	1,90
EBIT	-1,11	1,25	1,80	2,50	3,90
<i>EBIT Margin</i>	<i>-9,1%</i>	<i>12,5%</i>	<i>13,8%</i>	<i>16,1%</i>	<i>21,7%</i>
Financial Management	(0,08)	(0,30)	(0,20)	(0,18)	(0,15)
EBT	-1,19	0,95	1,60	2,32	3,75
Taxes	0,01	0,35	0,50	0,70	1,10
Net Income	-1,20	0,60	1,10	1,62	2,65
BALANCE SHEET (€/mln)	FY19A	FY20E	FY21E	FY22E	FY23E
Fixed Assets	6,41	6,15	5,85	5,20	5,20
Account receivable	0,83	1,20	1,55	1,80	2,10
Inventories	0,02	0,00	0,00	0,00	0,00
Account payable	1,61	2,35	2,20	2,00	1,90
Operating Working Capital	(0,8)	(1,1)	(0,7)	(0,2)	0,2
Other receivable	2,57	2,75	2,40	2,20	2,25
Other payable	4,27	3,05	2,85	3,30	3,60
Net Working Capital	(2,5)	(1,4)	(1,1)	(1,3)	(1,2)
Severance Indemnities & Other Provisions	0,25	0,15	0,17	0,18	0,21
NET INVESTED CAPITAL	3,70	4,55	4,58	3,72	3,84
Share Capital	5,09	5,09	5,09	5,09	5,09
Reserves	0,35	-0,85	-0,25	0,85	2,47
Net Income	-1,20	0,60	1,10	1,62	2,65
Equity	4,24	4,85	5,95	7,57	10,22
Cash & Cash Equivalent	1,09	0,90	2,36	4,59	6,92
Short Term Debt to Bank	0,12	0,00	0,00	0,00	0,00
M/L Term Debt to Bank	0,43	0,60	1,00	0,75	0,55
Net Financial Position	(0,54)	(0,30)	(1,36)	(3,84)	(6,37)
SOURCES	3,70	4,55	4,58	3,72	3,84
CASH FLOW (€/mln)	FY19A	FY20E	FY21E	FY22E	FY23E
EBIT	-1,11	1,25	1,80	2,50	3,90
Taxes	0,01	0,35	0,50	0,70	1,10
NOPAT	-1,12	0,90	1,30	1,80	2,80
D&A	1,87	1,35	1,70	1,70	1,90
Change in receivable	-0,01	-0,37	-0,35	-0,25	-0,30
Change in inventories	-0,02	0,02	0,00	0,00	0,00
Change in payable	0,10	0,74	-0,15	-0,20	-0,10
Change in others	1,47	-1,40	0,15	0,65	0,25
<i>Change in NWC</i>	<i>1,54</i>	<i>-1,01</i>	<i>-0,35</i>	<i>0,20</i>	<i>-0,15</i>
Change in provisions	0,04	-0,10	0,01	0,01	0,03
OPERATING CASH FLOW	2,33	1,15	2,67	3,71	4,58
Capex	(1,22)	(1,09)	(1,40)	(1,05)	(1,90)
FREE CASH FLOW	1,11	0,06	1,27	2,66	2,68
Financial Management	(0,08)	(0,30)	(0,20)	(0,18)	(0,15)
Change in Debt to Bank	(0,31)	0,05	0,40	(0,25)	(0,20)
Change in Equity	0,00	0,00	0,00	0,00	0,00
FREE CASH FLOW TO EQUITY	0,72	-0,19	1,47	2,23	2,33

Source: ABTG and Integrae SIM estimate

5.1 1H20A Results

Despite the macroeconomic difficulties encountered in the first half of the year and the limitations imposed on the Company's business, the results are substantially in line with the previous year in terms of revenues and show improvements in terms of marginality. In the first half-year, revenues decreased from € 5.45 million as of June 30, 2019, to € 5.03 million. The Value of Production slightly decreased from € 5.66 million to € 5.07 million.

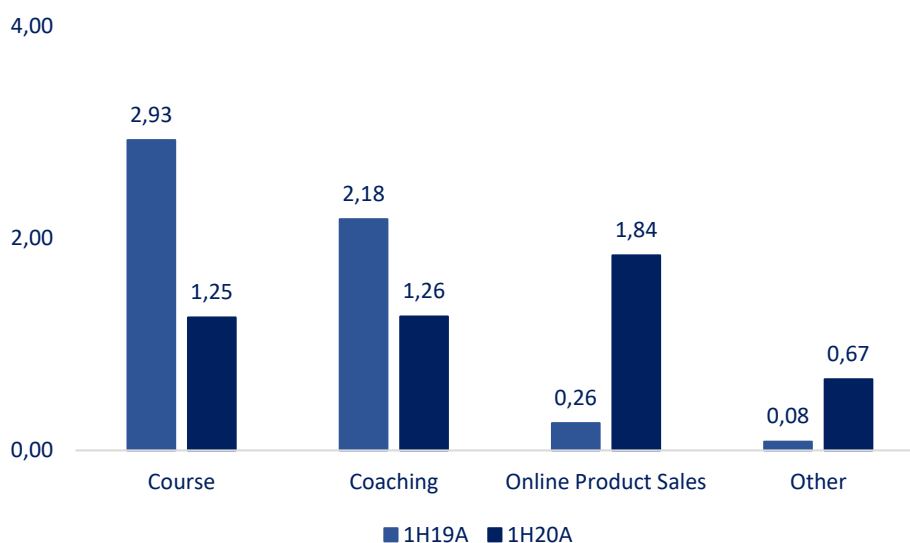
Chart 10 – Revenues Breakdown by Line ABGT



Source: ABTG

The main source of revenue for the Company is the sales of online products, which generated a 37% share of revenues. The second line, in terms of revenues produced, is the sale of Coaching, able to generate 25% of total revenues. In line with the sale of Coaching, the sale of courses, which is a traditional source of primary revenues of the Company, generated 25% of total revenues. This division of revenues shows the Company's ability to adapt to the new scenarios, which were created following the spread of the Covid 19 epidemic.

Chart 11 – Revenues by Line 2018A-2019A ABGT Spa



Source: ABTG

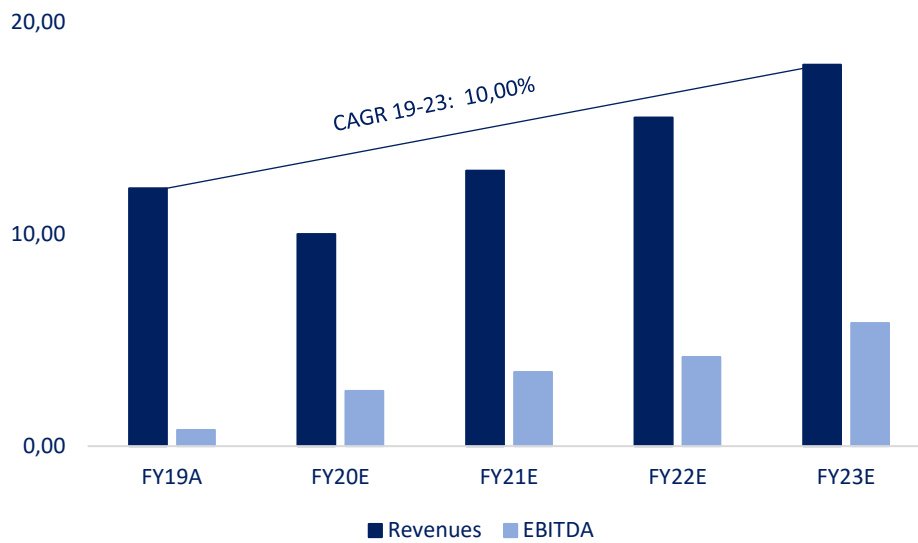
Between the first half of 2019 and the first half of the current year, it is possible to observe a decrease in revenues from courses of 57%. Revenues from Coaching activities show a decrease of 42%. Finally, online product sales revenues are growing exponentially, as new online products are launched and the business model is changed in response to the epidemic spread. The Company was unable to complete Wake Up Call events in the first half of the year.

EBITDA was up compared to last year, from € 0.3 million to €1.2 million, this growth was mainly due to the new sold product mix, which favored products with higher marginality. As a result, EBIT and Net Income also grew from - € 0.25 million to € 0.5 million and from - € 0.3 million to € 0.2 million, respectively.

At Capex and NFP level, no particularly significant variations are observed, since NFP, in fact, passed from € 0.53 to € 0.54 million.

5.2 Estimates FY20E – FY23E

Chart 12 – VoP and EBITDA FY19A-23E



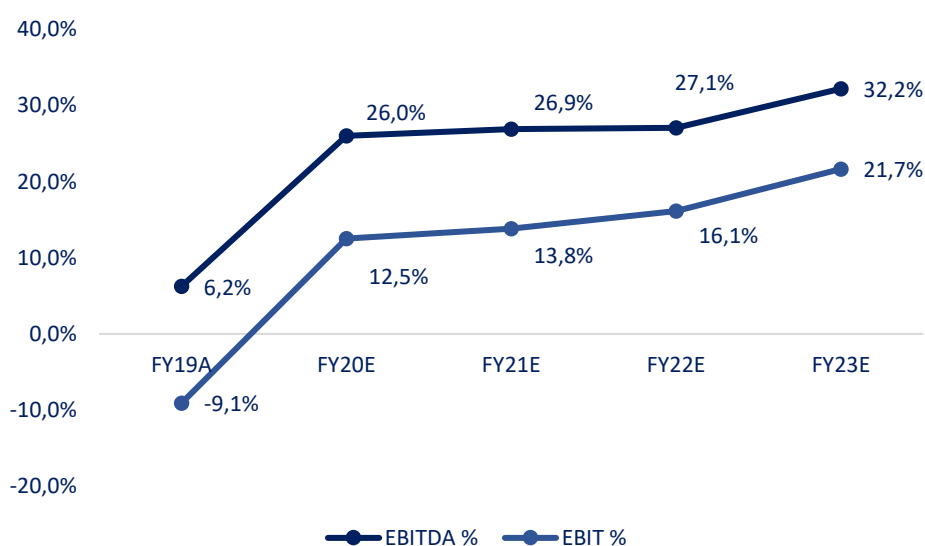
Source: Integrae SIM

For the coming years, we expect an increase in the Value of Production that, according to our estimates, will grow from € 12.29 million in 2019A to € 18.00 million in 2023E (CAGR19A-23E: 10.00%), thanks to the following main growth drivers: national consolidation (through the brand strengthening thanks to marketing and commercial activities) and foreign development (through the declination of the current offer for the Spanish speaking and English speaking markets). In particular, we believe that these processes will be implemented through:

- **Online and Offline courses abroad:** current offer declination for the Spanish speaking and English speaking markets;
- **Partnerships and Acquisitions:** this will be possible since the direct relationship with a large number of people is of interest to several companies who are willing to pay royalties to sign commercial partnerships;
- **Other revenues:** the main features and strengths of ABTG S.p.A. are its network and database (powered every month thanks to the activities carried out by the team). These features can be used to generate additional revenue (e.g. through advertising).

Moreover, we believe that the Company will benefit from the revenues generated by the newly acquired Aste Giudiziarie Lombardia and from the growing demand for online courses.

Chart 13 – Estimates Margin FY19A-23E

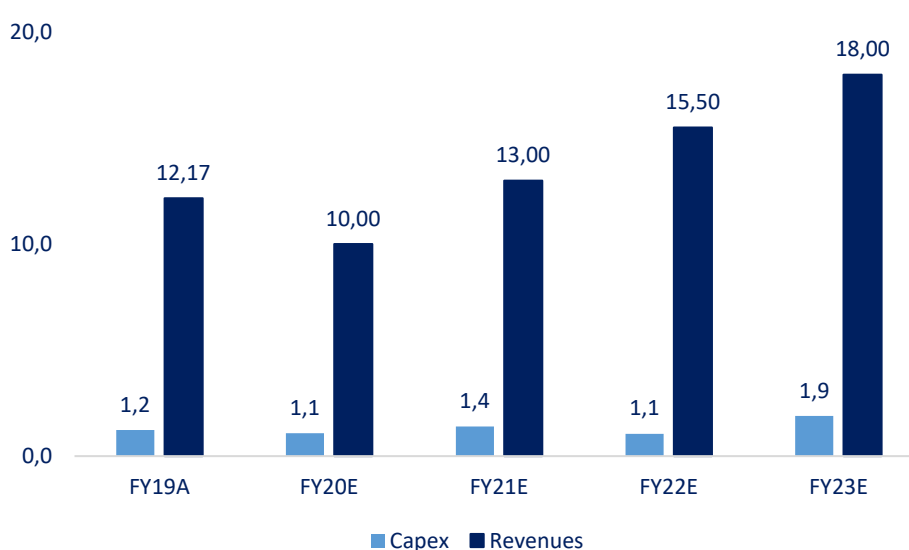


Source: Integrae SIM

Similarly, we expect an increase in EBITDA that, according to our estimates, will increase from € 0.76 million in 2019A to € 5.80 million in 2023E, with a consequent increase in marginality that, according to our estimates, will increase from 6.2% registered in 2019A to 32.2% in 2023E.

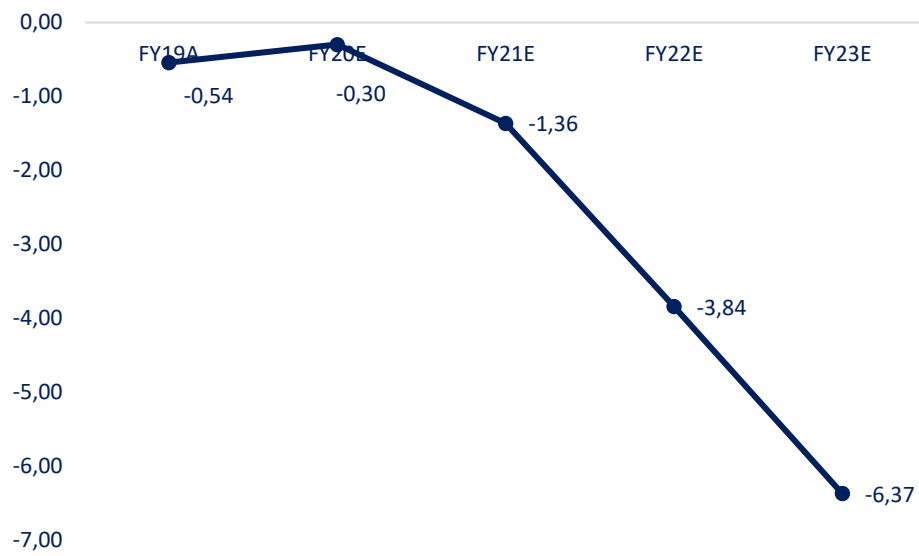
The expected improvement of marginality is also linked to the focus on selling products online, in line with what can be observed in the half-yearly report. In fact, selling products online also results in better structure efficiency. In particular, according to our estimates, it will be possible to observe a reduction in the incidence of event costs and direct costs.

Chart 14 – Estimates Capex FY19A-23E



Source: Integrae SIM

Chart 15 – Estimates NFP FY19A-23E



Source: Integrae SIM

In terms of NFP, we believe that the Company will be able to improve its situation thanks to the ordinary operations' ability to generate positive cash flows. The Net Financial Position is also negative due to very low debt values.

6 Valuation

We have conducted the valuation of ABTG's equity range based on the DCF methodology and market multiples of a comparable companies sample.

6.1 DCF Method

Table 2 – WACC

WACC		10,74%
Risk Free Rate	0,23% α (specific risk)	2,50%
Market Premium	8,46% Beta Adjusted	1,00
D/E (average)	5,26% Beta Relevered	1,04
Ke	11,19% Kd	3,00%

Source: Integrae SIM

In particular:

- The Risk-Free Rate represented by Rendistato of September 2020 with maturity between 3 years and 7 months and 4 years and 6 months;
- The Market Premium coincides with the risk premium for the Italian market calculated by Professor A. Damodaran;
- D/E is calculated based on the Integrae SIM estimates;
- Ke has been calculated via CAPM;
- Alpha, or additional specific risk, typical of equity investments in companies with small-size operations. Being small, the additional small-cap risk has been assumed equal to 2.5%, the average value among those suggested by the main studies on the subject (Massari Zanetti, Financial Valuation, McGraw-Hill, 2004, p. 145, A. Damodaran, Cost of Equity and Small Cap Premium in Investment Valuation, Tools and Techniques for Determining the Value of Any Assets, III edition 2012, Guatri Bini, New Company Evaluation Treaty, 2009, p. 236);
- The Beta is the same as the market Beta due to the lack of direct competitors listed;
- Kd coincides with the current cost of the Company's debt.

Using this data, it results in a WACC of 10.74%.

Table 3 – DCF Valuation

DCF Equity Value		15,8
FCFO actualized	5,3	35%
TV actualized DCF	10,0	65%
Enterprise Value	15,3	100%
NFP (FY19A)	(0,5)	

Source: Integrae SIM

With the above data and taking as a reference our estimates and assumptions, the result is an **equity value of € 15.8 million. The target price is therefore €3.10, BUY rating and MEDIUM risk.**

Table 4 – Equity Value – Sensitivity Analysis

€/mln		WACC						
		9,2%	9,7%	10,2%	10,7%	11,2%	11,7%	12,2%
Growth Rate (g)	2,5%	21,0	19,7	18,6	17,6	16,7	15,9	15,2
	2,0%	20,0	18,8	17,8	16,9	16,1	15,4	14,8
	1,5%	19,1	18,1	17,1	16,3	15,6	14,9	14,3
	1,0%	18,3	17,4	16,5	15,8	15,1	14,5	14,0
	0,5%	17,6	16,7	16,0	15,3	14,7	14,1	13,6
	0,0%	17,0	16,2	15,5	14,9	14,3	13,8	13,3
	-0,5%	16,4	15,7	15,1	14,5	13,9	13,4	13,0

Source: Integrae SIM

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Equity Total Return (ETR) for different risk categories			
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HOLD	-5% < ETR < 7.5%	-5% < ETR < 10%	0% < ETR < 15%
SELL	ETR <= -5%	ETR <= -5%	ETR <= 0%
U.R.	Rating e/o target price Under Review		
N.R.	Stock Not Rated		

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