



IRTOPCONSULTING

OSSERVATORIO AIM ITALIA

July 2020 – IR Top Consulting Research Department

Market trends, Issuers, financial results, investors

AIMnews.it - Periodic online updates from the research centre

*IR Top Consulting, Equity Capital Markets &
IPO Advisory*

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Osservatorio AIM and Scientific Committee : Think Tank ECM for SMEs

The Osservatorio AIM, born in 2014, is the specialized financial research center managed by the Research Office of IR Top Consulting, institutionally dedicated to AIM Italia, the stock market of Borsa Italiana for the growth of SMEs. Think Tank on SME Equity Capital Markets elaborates cross-sectional studies and statistics on the market and operations of listed SMEs, in a context where measures like the alternative finance and government to support SMEs are increasingly essential for the country's competitiveness.

It is the reference for the listing of the SMEs, it carries out analysis for the ECM assessment, thanks to a vertical know-how and an in-depth knowledge of financials, regulations and logics of investment. The investors can consider it the basis of sectoral and benchmark studies, for the analysis of listed financial instruments. It is the primary source of information on AIM Italia, with a database characterized by single-owner for specific levels of analysis and scope of data collection and published through PMI Capital, vertical platform on AIM Italia.

The Osservatorio AIM includes analysis and statistics on IPOs, market's performances, economic and financial results of listed companies, governance and liquidity. The result is given by company information and Borsa Italiana's data, Factset and institutional investors that operate on the market. The Osservatorio AIM is a think-tank with the goal to support individuals and authorities to develop the capital market to make it more efficient.

Main goals of the Osservatorio AIM :

- to reduce the equity gap, sharing knowledge about advantages of the IPO;
- to observe market trends and offer an overall view of the companies;
- to inspire the culture of the Equity Capital Markets through insights and debates between listed companies and investors about stock market issues and development trends;
- to help to identify financial reporting best practices for the correct and effective representation of equity stories to investors;
- to create a network and established relationships between SMEs, institutions, financial market players and the media, sharing opinions, suggestions and motivations for the development of AIM Italia.

The Osservatorio Aim has collaborated for the definition of the measure for the Tax Credit for the listing of SMEs, included in the 2018 Budget Law, came into force with the Implementing Decree on June 19, 2018. It collaborates with the IR Top Research division for the independent analysis (Equity Research) of the companies and for the IPO feasibility studies on AIM Italia.

The Scientific Committee of the Osservatorio AIM was established in 2019, composed of a team of experts in complementary areas on the capital market.

Through the suggestion of possible improvements, it has proactive objectives compared to the main players (listed companies, investors, financial institutions) for the positive evolution of the market and to promote development and efficiency of AIM in support of SMEs growth.

The Scientific Committee is an important working group with the goal to share proposals, to discuss strategic lines and action plans to promote the development and efficiency of AIM Italia, SME Growth Market, to support the growth of Italian SMEs .

The key role of listed SMEs in the national economy commits specialized operators to consider the strengths of the market and raise awareness among all the actors involved, each in their own specialization and role, in providing a positive and constructive contribution aimed at enhancing it.

The Scientific Committee of the Osservatorio AIM Italia is composed of:

Anna Lambiase - **IR TOP Consulting**

Barbara Lunghi, Luca Tavano - **Borsa Italiana**

Giulio Centemero - **Capogruppo Lega Commissione FINANZE**

Paolo Maggini, Donato Damiani - **CONSOB (*)**

Francesco Carpano - **Ufficio Studi Azione**

Francesca Brunori - **Confindustria**

Paola Castiglioni - **ODCEC Busto Arsizio**

Marcello Bianchi - **ASSONIME**

Gianluigi Gugliotta - **ASSOSIM**

Antonella Massari, Simona Maggi – **AIPB**

(*) in their personal capacity

Main trends of AIM Italia in 2020

The goal of the Osservatorio AIM analysis include the most important evolutionary trends , the market and the regulatory environment 2020.

The objectives of the analysis are:

Exogenous

- To understand the evolution of the legislation and them effects on AIM Italia, with more attention on the central trends in progress and on the variables that have an important influence on the SME stock market;
- To concentrate the attention on the incentives form for AIM issuers - in order to encourage quotation and collaboration with institutions - and for investors, with the aim of evaluating diversification opportunities and facilitating the intersection between supply and demand capital;
- To recognize the market evolution for the investment needs of specialized and professional operators.

Endogenous

To analyze the economic and financial performance of the market and the sectors such as Technology, Green and the Industrial sector to outline the innovation guidelines;

- To test the adoption by companies of corporate governance, transparency and ESG practices, which could generate positive impacts for investors and boost the regulatory framework;
- To individuate the presence of institutional investors in the capital and to elaborate on the investment logics in SMEs and their evolution within the capital;
- To analyze the "Startups" of AIM and the innovative SMEs on the market to understand the benefits originated from the listing and the growth opportunities and innovation features that can attract investors;
- To Verify the issue of bonds as an additional financing channel;
- To identify and understand the evolution of the analyst coverage to improve the development of quality research on listed SMEs.

AIM Italia trends for the five-year period 2015-2020

Between 2015 and 2020, the efficiency of the market is growing, expressed according to the main measurement variables: governance, liquidity, coverage and transparency. In particular:

- the main "standard" parameters of Corporate Governance improve: 98% of AIM companies have at least one independent member on the board (91% in 2015), 61% have at least one gender quota in the Board of Directors (42% in 2015), the 83% present the list vote for the appointment of the BoD (59% in 2015), 70% of the AIM companies present at least one internal board committee (40% in 2015).

- from 2015-2020 the average Total Turnover Value rose by +79%, from 47 mila thousand euros in 2015 to about 80 thousand euros in 2020; in the same period the trading days increased by +15%.

- the coverage analyst for AIM Company rise to 74% (48% in 2015), thanks to the positive effect from the updating of legislation that established the mandatory research (equity research) for issuers listed after 3 January 2018.

- improves transparency with a greater focus on business development, M&A e and additional periodic information. In 2020, the percentage of press releases distributed on company activities and business development rises to 46% (35% in 2015), follows the disclosure on information relating to extraordinary operations (22% in 2020 compared to 21% in 2015) and the additional periodic information (11% in 2020 compared to 10% of 2015).

Also increase the companies' capital raised (from 53% in 2015 to 86% in 2019) while, «indirectly» decrease that of SPAC (from 47% in 2015 to 14% in 2020).

For over ten years AIM Italia, SME Growth Market of Borsa Italiana, supports the national economic companies in raising capital for growth, responding to the needs of financing of SMEs during business and economic cycles. It plays a key role for economic and employment development: its alternative ecosystem for raising equity capital has allowed over 180 companies to finance technological innovation, growth, competition with M&A and internationalization projects.

In the last five years the market has seen an amazing development and has increased its efficiency, going from about 70 companies in 2015 to 127 at the beginning of June 2020 with a total capitalisation more than doubled. In 2019, AIM Italia became the first European equity hub - among MTF - by number of new IPOs, with a share equal to 26% of the total listings: the new record in Italy is 35 new companies, of which 31 IPOs. The Tax Credit on listing costs (Implementing Italian Decree of 19 June 2018) is an element of acceleration for the prices of the three-year period, a measure that we hope will be further extended to SMEs in the next period. It's a priority to stimulate the offer for support the demand for PIRs and their efficacy as a savings tool, also with the updating of traditional way and introduction the alternative version. The support is possible, recalling several companies for listing too, with a logic of healthy and sustainable growth, so that they can mature in terms of turnover and employment after the listing.

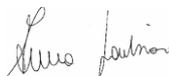
Third Generation PIRs can lead AIM Italia to benefit significantly from the conditions aimed at directing private savings in the real economy and specifically towards SMEs which constitute the foundation of the Italian industrial system. In addition, alternative PIRs could further promote liquidity on both the secondary and the primary market. In a challenging phase such as the current one, it is appropriate that the tax benefits can also be extended to alternative PIRs with the aim of supporting the revitalization of investments on the capital market, broadening the investment horizon and creating the conditions for the new vertical asset classes. This could have important advantages in favoring SMEs and the real economy for a revival of post-Covid-19 companies.

A greater heterogeneity of funding sources, from which SMEs can draw to support investments, useful to relaunch competitiveness on the market, it is essential to give value to the country. The evolution of the capital market in Italy stems from the need to implement an effective industrial policy for the relaunch: AIM Italia, as an alternative capital funding channel, strategically fits into this context. In addition, in order to meet the listing needs of a wider audience, a new segment reserved for professional investors was launched, operating from 20 July 2020. The "professional segment" introduced to make the AIM market increasingly attractive for SMEs; this segment will prove to be an efficient solution for companies that do not have immediate capital needs but still intend to proceed with the listing even if they postpone the eventual funding or for those companies that prefer to access the market more gradually. The "professional segment" is also addressed to start-ups, newborn companies and entrepreneurial adventures who have started marketing their products or services for less than a year.

In terms of efficiency, there is an improvement of AIM Italia: the average daily turnover from 2015 to 2019 recorded a growth of +181%, the percentage of trading days also increased (from 74% in 2015 to 85%). The growth of the market and liquidity are supported by the continuous evolution of specialized equity research. Today the AIM companies with at least 1 analyst coverage are increasing. At the same time, the increase in the number of institutional investors represents a sign of confidence towards Italian SMEs, which has proven to have great opportunities. When a company starts developing a track record on AIM, it can attract new investors and potentially reduce its cost of capital.

IR Top Consulting mission is to help SMEs in searching capital for growth through IPO. The process to achieve and maintain the listed status on AIM creates more resilient and sustainable companies, able to develop their potential and reward investors, stakeholders and the economy in general. The IPO on AIM not only leads to a single growth opportunity but is the catalyst of opportunities in the medium and long term. AIM Italia is the solution for SMEs that want to obtain an increasingly efficient capital structure.

Anna Lambiase, Founding Partner - IR Top Consulting



Executive summary

AIM Italia is the Borsa Italiana listing market dedicated to **SMEs with high growth potential** and it allows the admission to equity markets with simplified listing process.

AIM Italia accounts for almost one third of the **companies listed** on Borsa Italiana. As of June 3rd, 2020, **127** companies were listed on the market (of which 1 IPOs from the beginning of 2020) and 35 admissions in 2019 (of which 31 IPOs). FY 2019 **revenues totaled 5.6 billion euros**, with a market **capitalisation of 6.0 billion euros** and **3.9 billion euros raised from IPOs (equity)**. Including capital raising through secondary market, the total values is 4.8 billion euros.

The Technology sector ranks first on AIM Italia in terms of number of companies (18%) and capitalisation (26%) thanks to the new IPOs and admissions that took place on AIM in the last two years (14). Industrial companies (5 IPOs and 2 business combination in 2019-2020) represent 24% in terms of capitalization. Green & Sustainable companies, with business model crossing different sectors, are the most representative by number (29%; 14% and 15% respectively), while they represent 11% and 30% of the market by capitalisation.

The most important **regions** on AIM Italia are Lombardy (39% of companies), Emilia Romagna (14%), Lazio (12%) and Veneto (9%). Other regions are: Piedmont, Tuscany, Umbria and Liguria. 3 foreign companies are also listed, accounting for 2% of the total.

The **identikit of the listed company shows the following average figures:**

- Revenues of 47.5 million euros;
- EBITDA margin equal to 15.2%;
- Capitalization 34 million euros (excluding SPAC and Business Combination);
- 23% IPO free float (excluding SPAC);
- capital raised of 7.1 million euros (excluding SPAC and Business Combination);

The distribution of companies by capitalisation highlights that 2% of companies report values higher than 250 million euros: the largest one is Antares Vision (653 million euros), followed by Salcef Group (469 million euros). 46% of companies have a capitalisation below 20 million euros, while 15% between 20 and 30 million euros.

The breakdown of capital raised by 127 companies indicates that 46% attracted capital for less than 5 million euros; 26% for an amount in between 5 and 10 million euros; 9% between 10 and 15 million euros; 19% for more than 15 million euros. 41% of companies have an IPO free float lower than 20%; 32% between 20% and 30%; 16% between 30% and 50%; 11% have an IPO free float higher than 50%. The IPO structure is 93% as New Share Issues and 7% as public offer for sale. In 2020 further 22 million euros were collected on the secondary market (of which 11 million euros from capital increases/warrants exercise and 11 million euros from bond underwriting). In 2019 the secondary raising amounted to 161 million euros (99 million euros from capital increases and 62 million euros from bond underwriting). From 2012 until today the capital collected through secondary fundraising are equal to 920 million euros.

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The FY 2019 financial results show a growing trend: revenues increased on average by 17%, while the EBITDA registered an average growth of 10%. 77% of companies increased their revenues: of these, 22% recorded rates between 20% and 50%, while 9% rates between 50% and 100%. 13% of companies reported revenues lower than 5 million euros, while 14% reported between 5 million and 10 million euros and 31% reported between 20 million and 50 million euros. The 127 companies listed on AIM Italia **employ around 22,200 workers** (127 on average, 79 median), increasing with respect to 2018 **(+13%)** and to IPO date **(+50%)**.

In the first months of 2020, the Coronavirus outbreak impacted on the dividend payment of listed companies. **19 companies paid dividends** to their shareholders for a total of 55 million euros. The average amount is equal to 2.9 million euros. The average gross dividend per share is equal to 0.24 euros (0.21 in 2019), with a payout ratio of 46% and dividend yield of 2.3%.

The shareholding of AIM Italia companies includes **109 institutional investors**. 25 investment firms are Italian (23%) and 84 are foreign (77%). Investors held a total investment equal to 570 million euros (9% of the total capitalisation of AIM Italia). The average value of the total investment is 5.2 million euros, the median value is 0.8 million euros. 845 are the holdings held, corresponding to an average of 7.8 holdings per investor (2 the median). The median value of the individual shareholding is equal to 0.17 million euros. 23% of the investments are held in companies with a market cap between 16 and 30 million euros, while 22% is held in companies with a market cap between 31 and 60 million euros. The company with the largest number of Institutional Investors (25) is Italian Wine Brands.

The most active Investor on AIM Italia is Mediolanum Gestione Fondi SGR, with a total investment of 69 million euros and investee companies equal to 54. The investments refer to the Funds "Mediolanum Flessibile Sviluppo Italia", "Mediolanum Flessibile Sviluppo Italia" and "Mediolanum Challenge Italian Equity".

After the PIR's (Italian equivalent of Individual Savings accounts) introduction in 2017, the AIM Italia liquidity improved. In 2019 **the Average Daily Turnover Value (ADTV)** traded on AIM Italia stood at 132 thousand euros **(+24% compared to 2018)**. At 3rd June 2020 the ADTV stands at 79 thousand euros. In 2019, the **Total Turnover Value (TTV)** traded on AIM Italia stood at around 2.9 billion euros, equal to 1.2 times the TTV of 2018 (2.45 billion euros), 1.5 times the TTV of 2017 (2.0 billion euros). From 1 January to 3 June 2020 the TTV stands at around 1 billion euros (1.1 billion euros in the 2019 half year). The percentage of **trading days** was 85% in 2020, 82% in 2019, 76% in 2018.

Between 2019 and the first 6 months of 2020, 67 companies (53%) undertook at least 1 **extraordinary operation** for a total amount of 166 operations (127 in 2019 and 39 in 2020). Overall 413 million euros were moved (67 million euros in the first 6 months of 2020), the average value of transactions in 2019 is equal to 6.8 million euros (2.9 million euros in 2020), the median value is equal to Eur 2.0 million (1.0 million euros in 2020). 60% of operations are Acquisitions, 16% Merger and 13% transfers.

Tab. 1 - Size of the AIM Italia market

N. of Companies	127
Market Cap (billion euros)	6.0
Capital Raised* (billion euros)	3.9

*Cumulative figure since 2009, greenshoe options included

figures as at 03/06/2020

Tab. 2 - Sector composition by n. of companies

Sector	%
Technology	18%
Manufacturing	17%
Finance	15%
Media	15%
Services	9%
Energy & Renewables	7%
Fashion & Luxury	6%
Healthcare	5%
Food & Beverage	3%
Telco	2%
Chemicals	2%

AIM Italia is the Borsa Italiana stock market dedicated to the growth of SMEs. For over 10 years, it has represented an alternative source to access capital and enhance corporate development projects for the competitiveness of the national economic system.

It is characterized by its balanced regulatory approach - with a flexible admission process tailor-made for the financing needs of Italian SMEs - and for lighter governance requirements than the regulated stock market.

As at June 3rd 2020, **127 companies were listed, with a capitalisation of 6.0 billion euros and 3.9 billion capital raised in IPO (Equity)***. Including capital increases following the IPO, exercise of warrants and bonds subscription the total capital raised is 4.8 billion euros. The market has grown significantly since 2015, both by number of IPOs, with the highest level recorded in 2019 (31 IPOs and 4 admissions), also due to the incentives for the listing of SMEs, following the introduction of the Tax Credit on IPO costs.

Technology is the emerging sector of AIM Italia in terms of flotations in 2019 (10 IPOs and 1 business combination) and accounts of 18% of companies and 26% of capitalisation. Manufacturing sector follows, representing 17% of the market and 24% of capitalisation. Green companies, with business model crossing different sectors, represent 14% of the market and 11% of capitalisation.

Graph. 1 - Evolution of n. of listed companies and Market Cap



Source: IR Top Consulting workings on Borsa Italiana figures at 03/06/2020

*Capitalisation as of 31.12.2019; suspended companies excluded

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