

ALFIO BARDOLLA

Double digit increase on all operational KPI, even compared to Pre-Covid results

Double digit revenue growth (+43%). Alfio Bardolla Training Group, Italian leader in financial and business training, posted a positive set of 1H21 results largely in line with our estimates. The first half of 2021 was characterized by the continuation of the digitization process of its service offering to align with the new needs of customers and the still current operational restrictions imposed by the various regulatory measures aimed at reducing the spread of the Covid-19 pandemic.

1H21 consolidated revenues came in at Euro 7.2 m (+43% vs Euro 5.1 m in 1H20) and up from even pre-Covid results (+32% vs €5.5 million in 1H2019). The breakdown by product confirms the integration and positive performance of traditional and digital training courses, particularly with online courses accounting for 55% of revenues compared to 37% in 1H20; followed by coaching revenues (16% of revenues) and Wake Up Call revenues (13% of total).

Sharp increase in profitability too. The improvement in profitability shown by the Group is due to a general improvement in margins as a result of the new business model adopted by the Group in response to the extraordinary situation arising from the Covid-19 emergency and a general upturn in the economy linked to the progressive reduction in the pandemic.

Consolidated EBITDA amounts to Euro 2.2 m, representing 30% of revenues. This figure is higher than in 1H20, partly due to the positive effect of the results of the subsidiary undertaking, AGL Srl. The EBITDA of the Parent Company in the same period of 2020 amounted to Euro 1.2 m, or 23% of revenues. Consolidated net income amounted to Euro 0.8 m, or 11% of revenues: in the same fiscal period of 2020, consolidated net income was Euro 0.2 m.

Strong operating cash flow in support of a solid balance sheet.

Net Cash at 1H21 stood at Euro 2.4 m, up to Euro 1.3 m with respect to FY20 (Euro 1.1 m) after total investments in the period of Euro 1.6 m mainly related to lead generation and digitalization of the organizational structure. Net working capital, which due to the business' nature is negative, stood at Euro -2.4 m whereas Net Equity was of Euro 5.4 m (vs. Euro 4.3 m in 1H20).

Strong ESG Profile. The Group recently released its first sustainability report which was presented on a voluntary basis in order to provide a periodically updated information tool for the benefit of all stakeholders (see ESG Profile).

Positive outlook for FY21

The positive results of the first half of the year both in comparison with the first half of 2020 and with the pre-Covid results of 2019 on all performance indicators express a positive trend on the trend of the business for the coming months and the end of the year compared to the Budget approved by the Board of Directors on March 17, 2021.

On the business front, the Parent Company plans to market the first "edutainment" product that combines personal financial education and entertainment as well as launch a brand awareness strategy to seize the opportunity to market ABTG's products in the Russian market.

Management of the coming months will also continue to focus on completing the migration of the new corporate ERP and the integration of the new companies that have entered the Group's perimeter.

Valuation Upgrade. We updated our DCF and multiples models to factor in our new estimates, updated risk-free rate, ERP and peers' multiples to obtain a new target price of Euro 7.41 p.s. (Euro 5.23 p.s. previously). At our target price the stock would be trading at 9.8x and 7.9x FY21-22 EV/EBITDA multiple.

Sector: Services

Target Price (Euro)	7,41 (5,23 pr)
Market Price (Euro)	3,31
Market Cap (Euro m)	17
EV (Euro m)	18

As of October 11th, 2021

Share Data

Market	AIM Italia
Bloomberg	ABTG:IM
ISIN	IT0005244030
N. of Shares	5,094,361
Free Float	46.56%
CEO	Alfio Bardolla

Financials

	2020A	2021E	2022E	2023E
Revenues	9.7	12.9	15.5	18.0
YoY %	-21%	+37%	+20%	+16%
EBITDA	2.4	4.0	5.0	6.0
EBITDA %	25%	31%	32.3%	33.1%
EBIT	1.2	2.9	3.7	4.5
EBIT %	13%	22%	24%	25%
Net Income	0.7	1.8	2.3	2.8
Net Debt	(0.5)	(0.6)	(2.3)	(4.6)

Performance

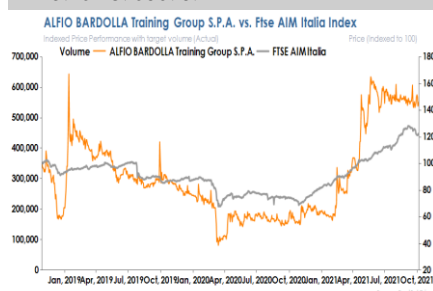
	1M	3M	6M
Absolute %	-3.64	-9.14	10.03
Relative (FTSE AIM Italia)	1.67	-15.57	-6.49
52-week High/Low (Eu)	3.82	1.20	

Sustainability

ESG Profile available

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KEY FINANCIALS

Profit&Loss Statement	2019A	2020E	2021E	2022E	2023E
Revenues (VoP)	12.3	9.7	12.9	15.5	18.0
EBITDA	0.8	2.4	4.0	5.0	6.0
EBIT	(1.1)	1.2	2.9	3.7	4.5
Financial Income (charges)	(0.1)	(0.0)	(0.0)	(0.0)	(0.0)
Extraordinary items	0.0	0.0	(0.1)	(0.2)	(0.2)
Pre-tax profit (loss)	(1.2)	1.2	2.7	3.5	4.3
Taxes	(0.0)	(0.5)	(0.9)	(1.2)	(1.5)
Minorities	1.2	(0.5)	(1.1)	(1.6)	(1.9)
Net profit (loss)	(1.2)	0.7	1.8	2.3	2.8
Balance Sheet					
Net working capital (NWC)	(2.5)	(2.0)	(1.5)	(1.5)	(1.5)
Net fixed assets	6.4	6.9	7.0	6.9	6.9
M/L Funds	(0.2)	(0.3)	(0.2)	(0.2)	(0.2)
Net Capital Employed	3.7	4.5	5.3	5.2	5.1
Net Debt	(0.5)	(0.5)	(0.6)	(2.3)	(4.6)
Minorities	0.0	0.7	1.4	2.3	2.3
Equity	4.2	5.0	5.9	7.7	10.0
Cash Flow					
Net Profit	(1.2)	0.7	1.8	2.3	2.8
Non cash items	1.9	1.2	1.0	1.3	1.5
Change in Working Capital	1.5	(0.4)	(0.9)	0.2	(0.0)
Cash Flow from Operations	2.2	1.5	1.9	3.8	4.3
Capex	(1.2)	(1.6)	(1.3)	(1.2)	(1.5)
Operating Free Cash Flow	1.0	(0.1)	0.6	2.6	2.8
Acquisitions	0.0	0.0	0.0	0.0	0.0
Dividend	0.0	0.0	(0.5)	(0.5)	(0.5)
Other (equity)	0.0	0.0	(0.3)	0.0	0.0
Free Cash Flow	1.0	(0.1)	(0.2)	2.1	2.3
Per Share Data					
Current Price	3.31				
Total shares out (mn)	5.09				
EPS	(0.2)	0.1	0.2	0.3	0.4
FCF	0.2	(0.0)	(0.0)	0.4	0.5
Pay out ratio	68%	28%	22%	0%	0%
Ratios					
EBITDA margin	6.2%	24.8%	31.0%	32.3%	33.1%
EBIT margin	n.s.	12.5%	22.2%	24.0%	25.0%
Net Debt/Equity	-12.6%	-9.0%	-3.6%	-30.0%	-46.4%
Net Debt/(Net Debt + Equity)	-14.4%	-9.9%	-3.7%	-42.9%	-86.5%
Net Debt/EBITDA	-0.70	-0.19	-0.05	-0.46	-0.78
Interest cover EBIT	n.s.	35.89	154.13	262.77	447.49
ROE	-28.4%	14.2%	29.7%	29.9%	28.0%
ROCE	-29.7%	37.3%	66.8%	91.8%	111.6%
Free Cash Flow Yield	6.1%	n.m.	n.m.	12.5%	13.8%
Growth Rates					
Revenues (VoP)	20%	-21%	33%	20%	16%
EBITDA	26%	217%	67%	25%	19%
EBIT	6%	209%	136%	30%	21%
Net Profit	3%	159%	148%	31%	22%

Revenue breakdown

	1H21	%	1H20	%	Δ %
Wake Up Call	0.9	13%	0.0	0%	n.a.%
Courses	0.0	0%	1.3	26%	-100%
Online courses/products	4.0	55%	1.8	37%	115%
Coaching	1.2	16%	1.3	25%	-6%
Products	0.02	0%	0.006	0%	173%
Partner Agreement	0.5	6%	0.3	7%	33%
Monthly partner fee	0.6	8%	0.1	2%	411%
Business master revenues	0.02	0%	0.0	0%	n.a.%
Real Estate Consulting Contract	0.03	0%	0.04	1%	-18%
Auction Assistance	0.3	1%	0.1	2%	-40%
Total sales	7.2	100%		100%	-21%

Source: Group data

Key Financials – Euro m

	1H21	1H20	1H19	20A
Sales	7.2	5.0	5.4	9.4
yoy	+43%	-8%	+17%	-22.5%
Revenues (VoP)	7.3	5.1	5.7	9.7
yoy	+43%	-10.4%	+21%	-21.5%
EBITDA	2.2	1.2	0.3	2.4
yoy	+87%	+23%	+2%	217%
EBIT	1.3	0.5	-0.3	1.2
yoy	+17%	+10%	-	-209%
Pre tax profit	1.4	0.5	-0.3	1.2
Net Profit	0.8	0.2	-0.3	0.7

	1H21	1H20	20A	19A
Net Working Capital (NWC)	2.5	2.3	2.0	2.5
Fixed net assets	7.6	6.5	6.9	6.4
Funds	(0.5)	(0.3)	(0.3)	(0.3)
Net Capital Employed	4.6	3.9	4.5	3.7
Net Financial Position (Cash)	(1.3)	(0.6)	(0.5)	(0.5)
Total Equity	5.6	4.5	5.0	4.2
Sources	4.6	3.9	4.5	3.7

Source: Group Data

Estimates Revision – Euro m

Income Statement		20A	21E Old	21E New	Δ%	22E Old	22E New	Δ%
Revenues		9.7	12.9	12.9	0	15.5	15.5	
	yoy	-21%	+33%	+33%		+20%	+20%	
EBITDA		2.4	3.6	4.0	11%	5.2	5.0	-4%
	margin	25%	28%	31%		34%	32.3%	
EBIT		1.2	2.5	2.9	16%	3.9	3.7	-5%
	margin	13%	19%	22%		25%	24%	
Net Profit		0.7	1.5	1.8	20%	2.4	2.3	-4%
Balance Sheet		20A	21E Old	21E New	Δ%	22E Old	22E New	Δ%
Net Working Capital (NWC)		(2.0)	(1.1)	(1.5)	36%	(1.3)	(1.5)	15%
Fixed net assets		6.9	7.0	7.0	-%	6.9	6.9	-%
Funds		(0.3)	(0.2)	(0.2)	-%	(0.2)	(0.2)	-%
Net Capital Employed		4.5	5.7	5.7	-%	5.4	5.2	-%
Net Debt (Cash)		(0.5)	0.0	(0.6)	-%	(2.2)	(2.3)	-%
Equity		5.0	5.7	5.9	4%	7.6	7.7	-%
Sources		4.5	5.7	5.7	-%	5.4	5.4	-%

VALUATION

Method	Weight	Price (Eu p.s.)	Equity Value (Eu m)
Multiple analysis EV/EBITDA, P/E 21/22, International & AIM Peers	50%	9.01	45.9
DCF (WACC 7.5% and g 1.0%)	50%	5.80	29.6
Target Price	100%	7.41	37.8

Market Multiples

Financials	Ticker	Country	Market Cap	Price	Sales 2021E	EBITDA% 2021E
GP Strategies Corporation	GPX-US	Italy	315.9	18.0	433.0	6.0%
M2i SA	ALMII-FR	Italy	22.3	4.4	48.5	9.5%
Strategic Education, Inc.	STRA-US	United States	1,527.1	62.0	1,003.2	23.8%
Franklin Covey Co.	FC-US	Netherlands	525.6	37.1	188.9	10.2%
K12 Inc.	LRN	Taiwan	1,327.8	31.9	1,309.1	10.2%
Chegg, Inc	CHGG	France	7,958.9	55.0	702.2	19.0%
Pearson PLC	PERSON-GB	Italy	6,561.1	8.7	4,052.4	23.0%
Houghton Mifflin Harcourt Company	HMHC-US	Italy	1,522.2	11.9	828.4	12.0%
Learning Technologies Group Plc	LTG-GB	Italy	1,810.2	2.3	207.1	36.1%
Average			2,606	31	975	17%
ABTG	ABTG-IT	Italy	16.9	3.3	7.9	19%

Source: FactSet data as of October 11th and IR Top estimates for ABTG

Trading multiples	EV/Sales			EV/EBITDA			P/E		
	20A	21E	22E	20A	21E	22E	20A	21E	22E
GP Strategies Corporation	0.5	0.8	0.7	6.6	9.5	8.4	28.5	20.0	17.3
M2i SA	0.7	n.a.	n.a.	6.5	n.a.	n.a.	n.a.	13.6	8.8
Strategic Education, Inc.	2.2	1.5	1.5	8.3	7.0	6.7	10.8	13.8	12.2
Franklin Covey Co.	1.4	2.8	2.5	19.9	23.3	18.2	n.a.	43.7	82.2
K12 Inc.	1.1	0.9	1.1	8.8	5.9	6.8	61.6	21.6	21.2
Chegg, Inc	18.2	10.7	8.7	56.6	29.1	23.0	47.5	43.2	34.7
Pearson PLC	1.7	1.8	1.8	10.0	10.2	9.3	25.6	22.0	18.5
Houghton Mifflin Harcourt Company	0.9	2.2	2.0	6.7	11.8	10.1	n.a.	n.a.	n.a.
Learning Technologies Group Plc	9.6	8.2	5.9	26.1	25.2	20.9	45.5	39.6	32.6
Average	3.7	3.1	2.7	16.7	14.2	12.1	34.8	25.4	27.8
ABTG	1.7	1.3	0.9	6.8	4.7	3.1	23.6	12.9	8.3
Premium/Discount to Peers	-54.2%	-58.4%	-65.1%	-59.3%	-66.9%	-74.1%	-32.1%	-49.3%	-70.1%

Source: FactSet data as of October 11th and IR Top estimates for ABTG

INDUSTRY COMPARISON

ABTG Spa (ABTG-IT): IR Top estimates and Factset Data

AIM Sector: average data for listed on AIM Italia included in the Services sub sector: Acquazzurra (ACQ-IT), Casaold (CASA-IT), CleanBnB (CBB-IT), DBA Group (DBA-IT), EdiliziAcrobatica (EDAC-IT), Fabilia (FHR-IT), Farmaè (FAR-IT), G Rent (GSR-IT), Igeamed (MED-IT), Portale Sardegna (PSA-IT), Promotica (PMT-IT), Sebino (SEB-IT), Sirio (SIO-IT), SosTravel.com (SOS-IT), TPS (TPS-IT), TraWell Co (TWL-IT), TrenDevice (TD-IT), WM Capital (WMC-IT)

Industry Peers: average data for a selected group of listed peers: GP Strategies Corporation (GPX-US), M2i SA (ALMII-FR), Strategic Education, Inc. (STRA-US), Franklin Covey Co. (FC-US), K12 Inc. (LRN), Chegg, Inc (CHGG), Pearson PLC (PSON-GB), Houghton Mifflin Harcourt Company (HMHC-US), Learning Technologies Group Plc (LTG-GB).

AIM Italia: average financial and market data for all the companies listed on AIM Italia, reported price performance data are related to the FTSE Italia Index

	ABTG-IT ABTG	Services AIM Sector	Industry Peers	XS0072 FTSE AIM Italia
Key Financials FY20				
Revenues	26.3	24.2	9,879.8	39.2
EBITDA	4.1	2.1	2,750.3	5.4
EBITDA %	15.6%	8.6%	27.8%	13.7%
EBIT	2.5	0.3	1,692.1	1.9
EBIT %	9.5%	1.2%	17.1%	4.9%
Earnings	1.9	-0.4	1,086.4	1.0
Earnings %	7.2%	-1.6%	11.0%	2.5%
NFP/EBITDA	2.6	2.4	3,307.9	2.7
FY18-20 Revenues CAGR	-3%	9%	-3%	9%
FY20-22 Revenues CAGR	26%	27%	21%	22%
Market Data				
Market Cap	16.7	38.4	60,754.4	63.4
EV	7.2	39.7	55,720.0	64.1
Free Float	17%	27%	59%	33%
ADTT YTD (Eu k)	85.894	190.141	36.568.743	133.651
Market Multiples				
EV/Sales 2021	1.3	2.1	3.1	2.1
EV/Sales 2022	0.9	1.3	2.7	1.6
EV/EBITDA 2021	4.7	41.9	14.2	23.1
EV/EBITDA 2022	3.1	22.2	12.1	16.3
EV/EBIT 2021	7.7	17.1	35.6	12.1
EV/EBIT 2022	4.6	13.7	23.9	9.6
P/E 2021	12.9	53.7	25.4	34.1
P/E 2022	8.3	61.4	27.8	30.1
Earnings Yield	2.4%	2.7%	5.7%	2.9%
Stock Performance				
1D	-3.2%	1.2%	-1%	0.2%
1W	-2.7%	-0.9%	1%	0.4%
1M	-0.3%	-0.1%	-4%	-4.6%
3M	-4.9%	3.1%	-7%	8.9%
6M	50.5%	30.8%	11%	24.5%
YTD	90.7%	73.3%	62%	39.3%
1Y	143.9%	89.0%	45%	64.7%

Source: Factset data as of 11th October 2021 and IR Top Research

ALFIO BARDOLLA – ESG PROFILE in partnership with



MATERIAL ESG ISSUES

Governance

Ethics – integrity and compliance
Data and information security

Economic

Economic and financial performance

Business Model

Quality of education and financial training
Transparency and responsible marketing

People

Skills, training and development of employees and collaborators
Work environment and welfare / Diversity and equal opportunities

Environment

Responsible consumption
Sustainable events

HIGHLIGHTS

Board of directors of 5 members of which 1 female. In terms of diversity 2 of board members are of an age of +50, whereas the remaining 3 members are in an age between 30-50.

Protection of personal data is of fundamental importance to the Company which has implemented solid organization to guarantee a high degree of compliance with national and international privacy regulations. The Company has further nominated a DPO (Data Protection Officer) and plans to provide education and training activities for employees and collaborators with respect to the obligations established by the Data Protection Policy.

In FY20 ABTG generated revenues of Euro 9.6 m, of which 1% was relative to the Spanish subsidiary. Of the total economic value generated, 79% was distributed to its stakeholders and in particular: suppliers (65%), HR (11%) and PA 3% and Financial Institutions (0.5%).

ABTG one of the principal players in Italy in the personal financial training business. The Company's business model is based on the creation of synergies and cross-selling opportunities between the 4 business lines. The COVID pandemic played an important role in accelerating the digital transformation of the Company, which in 2020, organized online courses for over 9,000 participants. Effort is put on conducting Marketing and communication activities in a responsible way using coherent, responsible, and transparent messages. All courses are provided with a "satisfied or reimbursed" clause.

ABTG offers all workers the same job opportunities by ensuring that everyone can enjoy fair treatment based on market conditions without any discrimination and opposes to any form of discrimination, forced labour and child labour.

The Company puts strong focus on the training of people and the development of competences and has adopted a "training on the job" path which has been adopted which allows junior figures to be supported by skilled and experienced managers.

ABTG currently has 77 employees/collaborators of which 42% is made up of women. The larger part of the workforce is of an age between 30-50 years. The most frequent type of contract is committed in the form of full-time job. Collaborators (commercial) play a fundamental role within the Company.

To prevent the spread of the COVID virus, the Management has applied strict security protocols in line with local and national provisions, activating smart working.

The Company carries out its activities in full compliance with the provisions relating to the environment and hygiene in the workplace.

the company is committed to limiting the use of plastic, sorting waste and consuming paper responsibly.

The implementation of smart working following the COVID pandemic influenced the reduction of consumption and CO₂ / GHG emissions other to the improvement of the intensity index.

- 5,0 tCO₂e of GHG Scope 2 emission in 2020
- 70 Gjoule of energy consumption in 2020
- 0,909 Gj/no. employee energy consumption intensity index in 2020

ALFIO BARDOLLA TRAINING GROUP IN BRIEF

Group Description

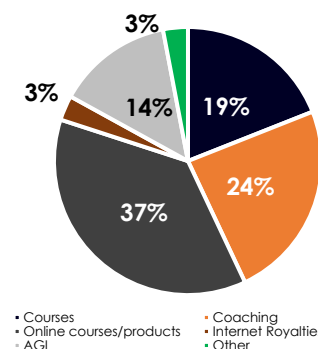
Alfio Bardolla Training Group S.P.A. (ABTG), Innovative SME since 2017 is Italian leader in digital financial and business training. With its two subsidiaries (ABTG Spain and Aste Giudiziarie Lombardia) the Group creates, develops and markets highly specialized on-and offline training courses in the personal finance and wealth creation fields. The Group was founded in 2012 by Alfio Bardolla, entrepreneur and best-selling author of six books (over 300,000 copies sold) including "I soldi fanno la felicità".

ABTG, headquartered in Milan, was listed on AIM Italia on July 2017, and has to date sold its training courses to over 43,000 clients through audio programs, videos, live courses and personalized coaching. The Group can rely on staff of 17 employees (as of December 31st, 2020) and external consultants including a sales force paid on commission. In FY20 ABTG recorded revenues of Euro 9.7 m, posting an EBITDA margin of 25%.

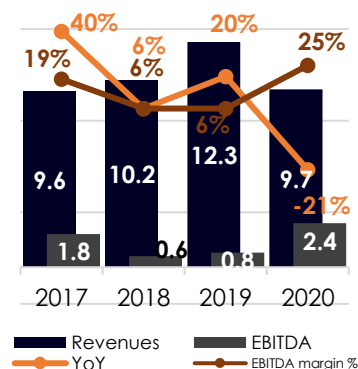
Key Managers

- **Alfio Bardolla** – Chairman & CEO
- **Federica Parigi** – Non-executive Director
- **Robert Allen** – Non-executive Director
- **Nicola De Biase** – Non-executive Director

Revenues breakdown by segment



Revenues & EBITDA evolution



Strategy	Main Risks
<ul style="list-style-type: none"> • Consolidation of the Group's position in the Italian market and international expansion, by increasing brand awareness through marketing and commercial activities, exploiting cross-selling opportunities and decline the current courses offer in Spanish and English-speaking countries • Further development of online business model and M&A • Customers' database capitalization in order to product additional revenues streams with activities such as advertisement • Commercial Partnerships created by leveraging on the proprietary database 	<ul style="list-style-type: none"> • Dependence on key figures including founder Alfio Bardolla who still plays an important role in ABGT's marketing strategy and brand awareness, although less so than at the time of the IPO • Services quality highly dependent on qualified coaches and trainers, whose departure from the Group could affect its competitive positioning • Possible data breaches could impact the Group's reputation, due to its high reliance on its database • Risks related to the international expansion strategy due to lower brand awareness and possible regulatory differences

ALFIO BARDOLLA TRAINING GROUP ON AIM ITALIA
IPO

Trading Market: AIM Italia – Borsa Italiana SpA
 Date: July 28th, 2017
 Price: 4.14 Euro
 Capital raised: Eu 3.1 m through capital increase
 Capitalisation: Eu 10.6 m

SHARES (as of 06th October 2021)

Code: ABTG
 Bloomberg: ABTG IM
 Reuters: ABTG.MI
 ISIN ordinary shares: IT0005244030
 Shares: 5,094,361
 Price: 3.18 Eu
 Performance from IPO: -23%
 Capitalisation: Euro 16.607.617 m
 Free Float: 49.65%
 NomAd: Integrae SIM S.p.a.
 Specialist: Integrae SIM S.p.a.

OWNERSHIP

Shareholder	%
King Holding S.r.l.	46.56%
Free Float	49.65%
Other	3.79%
Total	100%

Source: Company Data

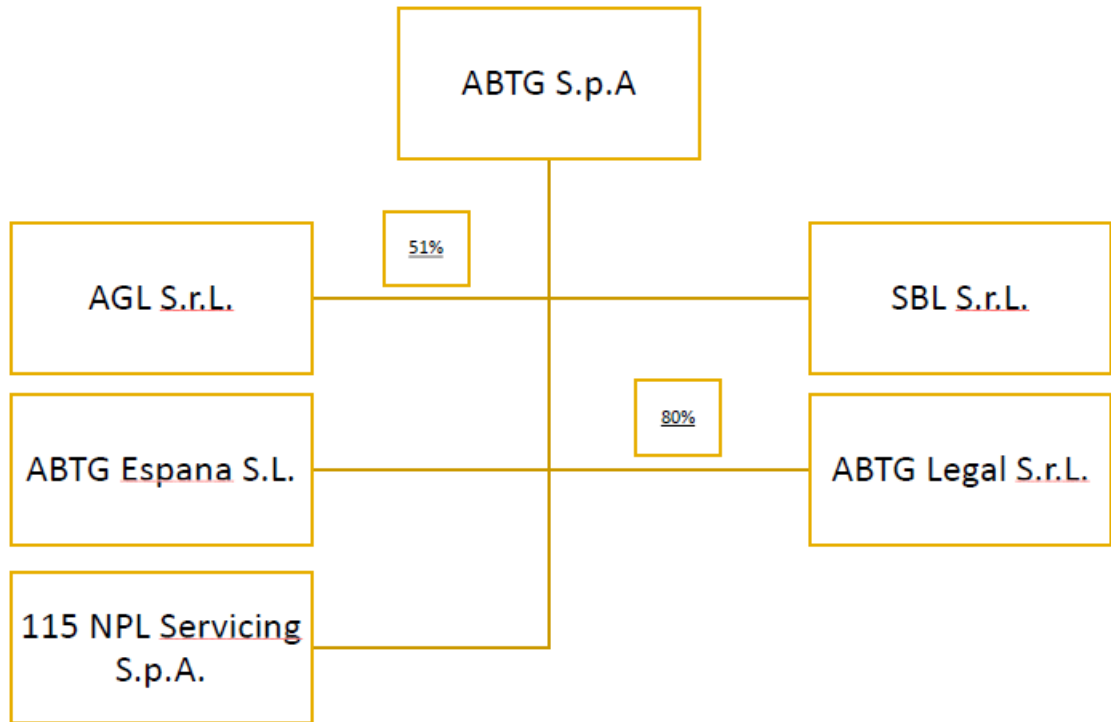
WARRANT

Alphanumeric code: WABTG
 ISIN: IT0005245607
 Issued warrants: 5,479,210
 Exercise ratio: 1 new instrument every 1 warrants held

Period	from	To	Strike Price (Euro)	Converted (n. of Warrant)
First	07/16/18	07/27/18	4.14	100
Second	12/10/18	12/21/18	4.14	-
Third	07/15/19	07/26/19	4.14	730
Fourth	12/09/19	12/20/19	4.14	-
Fifth	07/20/20	07/31/20	3.00	-
Sixth	12/07/20	12/18/20	3.00	-
Seventh	07/19/21	07/30/21	3.50	-
Eighth	12/13/21	12/24/21	3.50	-
Ninth	07/18/22	07/29/22	4.00	-
Tenth	12/12/22	12/23/22	4.00	-
Eleventh	07/17/23	07/28/23	4.50	-
Twelfth	12/11/23	12/22/23	4.50	-
Thirteenth	07/15/24	07/26/24	5.00	-
Fourteenth	12/09/24	12/20/24	5.00	-
Fifteenth	07/14/25	07/25/25	5.50	-
Sixteenth	12/08/25	12/19/25	5.50	-
Seventeenth	07/20/26	07/31/26	6.00	-
Eighteenth	12/07/26	12/18/26	6.00	-
Nineteenth	07/19/27	07/30/27	6.50	-

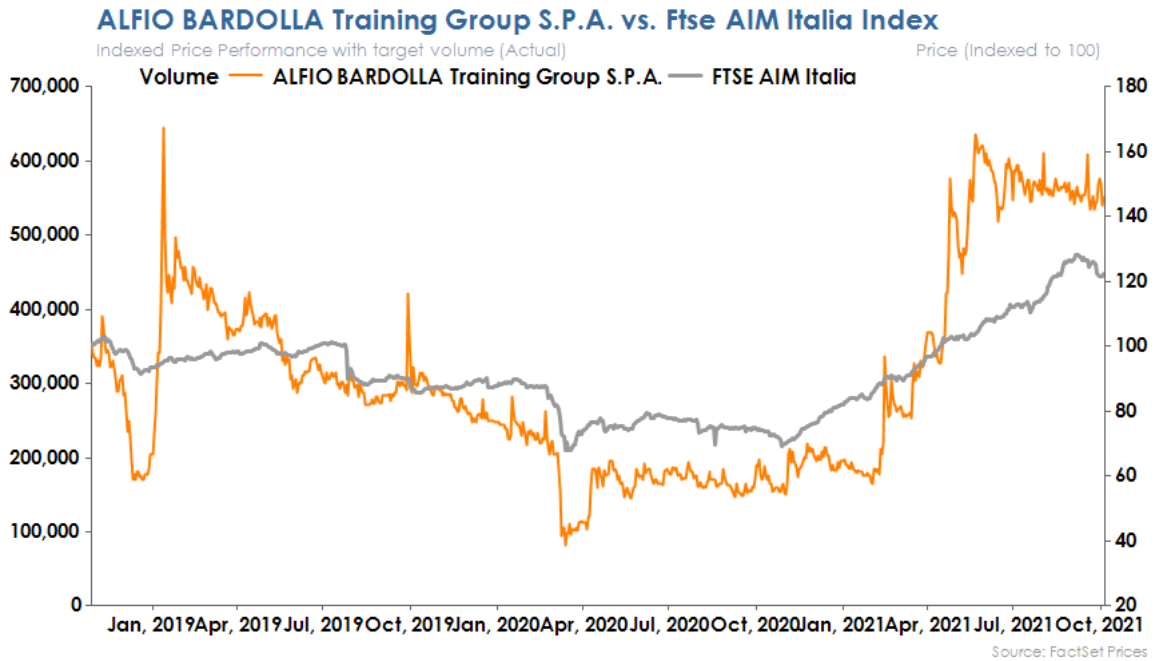
Number of outstanding Warrant at October 06th 2021: 5,478,380.

GROUP STRUCTURE



Source: Group Data

STOCK PERFORMANCE



DISCLAIMER

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Date	Target Price	Market Price	Validity Time
October 11th, 2021	7.41	3.31	12 months
April 23 rd , 2021	5.23	2.90	12 months
November 16 th , 2020	3.76	1.35	12 months

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RESEARCH TEAM:

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Chiara Cardelli, (Researcher)

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