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<b>Innovative-RFK</b>	<b>Italy</b>	<b>Euronext Access Paris (FR)</b>	<b>Investments</b>
<b>Rating: BUY (unch.)</b>	<b>Target Price: € 2,23 (from 1,63)</b>		<b>Risk: Medium</b>

Stock performance	1M	2M	4M
Absolute	0,00%	4,24%	7,50%
to FTSE AIM Italia	-5,75%	-10,01%	-17,60%
to FTSE STAR Italia	-4,36%	-7,01%	-6,56%
to FTSE All-Share	0,84%	-2,70%	-2,34%
to Digital Magics	1,02%	31,51%	22,23%
to Tamburi Investment Partners	-1,28%	3,26%	7,74%
to H-Farm	-17,10%	-27,26%	-123,81%

## Company Overview

Innovative-RFK (i-RFK) is an industrial holding, founded in 2017, which invests in Startups and Innovative SMEs by acquiring shares generally around 20/30% of the capital, for an average investment ticket between € 0.5 and 2 million. The sectors in which the i-RFK portfolio is currently invested are healthcare, SW manufacturing, financial, digital, e-commerce and fitness. The investment vehicle takes advantage of the tax incentives introduced by the amendments to the stability law of 2019 for investments in Innovative Startups and SMEs, thanks to which those who subscribe to a capital increase in i-RFK will receive a tax deduction of 30%.

## Stock Data

Price	€ 1,72
Target price	€ 2,23
Upside/(Downside) potential	29%
Exchange	Euronext Access
Ticker	MLIRF
Market Cap (€m)	€ 16,17
EV (€m)	€ 15,43
Share Outstanding	9.401.656
52-week high	€ 1,81
52-week low	€ 1,45
Average daily volumes (3m)	67

## FY20A Results

Significant events that occurred during 2020 were:

- 1) the issue of a minibond in October 2020, for a value of € 1.29 million, through a debt crowdfunding campaign with the CrowdFundMe platform, an instrument therefore listed on the ExtraMotPro3 segment of the Italian Stock Exchange;
- 2) a capital increase for a total of € 610,136.00 plus a share premium of € 305,068.00, listed on Euronext Access Paris in December 2020.

With regard to new investment transactions, in 2020 the company invested in the following companies: Reaxing S.r.l., Web al Chilo S.r.l. and strengthened the presence in Microcredito di Impresa S.p.A. (Sources: i-RFK 2020 Annual Report). The 2020 net result is affected by the non-distribution of the profits of the subsidiaries due to the provisions of Covid.

Key Financials (€)	FY18A	FY19A	FY20A
Sales	17.168	195.265	132.991
EBITDA	(105.699)	(209.829)	(239.201)
EBIT	(109.288)	(213.552)	(239.201)
Net Profit	2.773	17.965	(258.741)
EPS	0,0003	0,0019	-
EBITDA margin (%)	n.m.	n.m.	n.m.
EBIT margin (%)	n.m.	n.m.	n.m.

## The Market

The Italian SME market had over 11,500 possible target companies for i-RFK. The recovery of the activity levels of Italian SMEs continued in 2019: turnover grew in real terms by 2.8% and value added by 3.4% compared to the previous year. These data, together with those of previous financial statements, indicate that the Italian SME system arrives in the face of the Covid emergency after a decade characterized by a slow and unfinished recovery, which has made it possible to only partially recover the levels of the pre-crisis economic accounts. financial. The long wave of the financial crisis was particularly intense for the construction sector, but the impacts were also significant in industry and services.

Main Ratios	FY18A	FY19A	FY20A
EV/EBITDA	n.m.	n.m.	n.m.
EV/EBIT	n.m.	n.m.	n.m.
P/E	n.m.	n.m.	n.m.

## Valuation

By evaluating the investee companies according to the market multiples method, the Book-Value and the Market Value, depending on the specificities, and aggregating the values, we obtained an enterprise value of the holdig as "sum-of-parts" of approximately € 20 million. Net of the NFP (cash for € -0.74 million), an equity value of € 20.92 million was calculated, corresponding to a value of € 2.23 per share. The share is therefore currently negotiated with a 29% discount compared to its intrinsic value, therefore, also in view of the qualitative assessment indicated in the following paragraphs, it is recommended to purchase it.

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Equity Total Return (ETR) for different risk categories			
Rating	Low Risk	Medium Risk	High Risk
BUY	ETR >= 7.5%	ETR >= 10%	ETR >= 15%
HOLD	-5% < ETR < 7.5%	-5% < ETR < 10%	0% < ETR < 15%
SELL	ETR <= -5%	ETR <= -5%	ETR <= 0%
U.R.	Rating and/or target price Under Review		
N.R.	Stock Not Rated		

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