

MATICA FINTEC

Technologies for e-ID and digital payment

Company Description: Matica Fintec, is a registered Innovative SME and leader in technological systems for the e-ID and Digital Payment sectors. The Company is based in Milan (Italy) and specialized in the design, manufacturing and market of systems for the issuance of security documents (licenses, passports, identity card etc.) and financial cards (credit cards, debit cards etc.) mainly for Governmental and Financial Institutional clients. In FY 2018, total sales reached Euro 13.5 m (Euro 6.9 m in 1H 2019), of which 95% (97% in 1H 2019) were realized outside Italy in over 200 countries worldwide thanks to a capillary sales network.

Matica Fintec, listed on the Italian AIM market on November 11th, 2019. The IPO price was set at a Euro 1.71 per share, corresponding to a market capitalisation of Euro 18 m and with a resulting free float of 33.39%. Total capital raised was of Euro 6.9 m (Euro 6.0 m capital increase and Euro 0.9 m Greenshoe option).

Innovation: Matica Fintec has obtained 9 patents and invested approx. 10% of total 2018 revenues in R&D for the development of cutting-edge, secure and reliable technologies. The Company's products are characterized by efficiency, reliability and high technological content including biometric systems, laser technology, and holographic application for identity documents.

Strategic guidelines: Matica Fintec intends to pursue its development and growth strategy through the following guidelines:

- R&D to anticipate technological evolution in the market;
- Optimization of the production process;
- M&A.

2019-2022 Estimates: We believe Matica Fintec can grow sales at a 2018-2022 CAGR of +12% by developing new technological solution and increase sales of consumable and spare parts following the greater number of solutions installed. EBITDA should grow at a 2018-2022 CAGR of + 23% with an increase in EBITDA margin to 23.9% in 2022 (Euro 5.1 m).

Valuation: We initiate our coverage of Matica Fintec with a target price of Euro 3.62 p.s. providing for an upside to the current share price of +107%. Our valuation is based on a DCF model and on a multiple comparison, weighted equally.

Sector: Technology

Target Price (Euro)	3.62
Market Price (Euro)	1.75
Market Cap (Euro m)	18
EV(Euro m)	24

(as of November 12th, 2019)

Share Data

Market	AIM Italia
Bloomberg/Reuters	MFT3M / MFTC.MI
ISIN	IT0005388449
N. of Shares	10,508,200
Free Float	33.39%
Main Shareholder	Matica Technologies AG (66.61%)
CEO and Chairman	Sandro Camilleri

AIM Positioning

FY 2018	Company	AIM Sector	AIM Italia
Revenues (Eu m)	14	39	45
EBITDA Margin	16%	17%	14%
NFP (cash) (Eu m)	5.9	(1.1)	7.2
NFP/EBITDA (x)	2.6	0.3	3.9

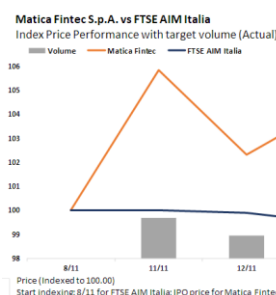
Market Data (Eu m)	Company	AIM Sector	AIM Italia
Capitalisation	18	67	52
Perf. YTD	2%	23%	-11%
Free Float	33%	31%	35%
ADIT YTD (Eu)	1,242,720	255,764	132,067

Performance

	1M	3M	1Y
Absolute	n.a.	n.a.	n.a.
Relative (TSE AIM Italia)	n.a.	n.a.	n.a.
52-week High/Low (Eu)	2.10 / 1.74		

IR TOP RESEARCH

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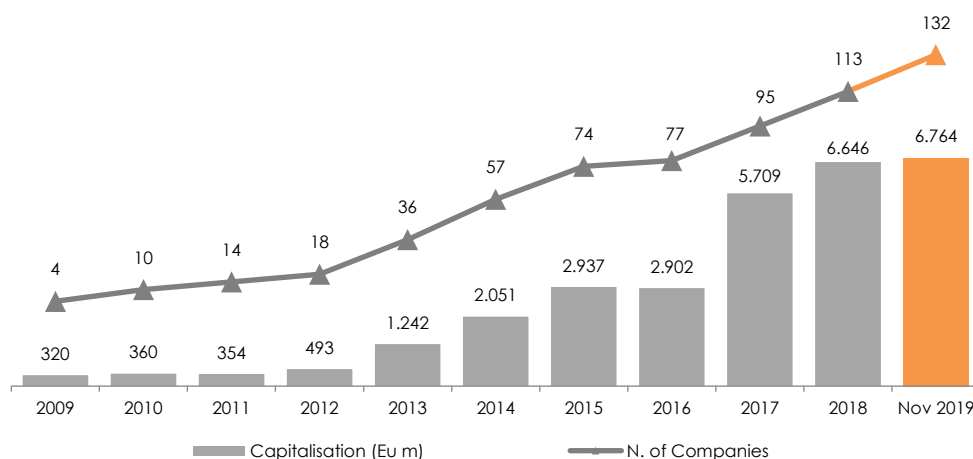


Key Figures (Euro m)	Sales	YoY %	EBITDA	EBITDA %	EBIT	EBIT %	Net Profit	Net Debt
2018 Adj	13.5	n.a.	2.3	16%	(0.4)	(3.0%)	(0.9)	5.9
2019E	14.9	+10%	2.9	19%	0.5	3.5%	0.1	(1.2)
2020E	16.5	+11%	3.5	21%	1.5	9.0%	0.8	(2.3)
2021E	18.5	+12%	4.3	23%	2.8	14.8%	1.8	(4.4)
2022E	21.1	+14%	5.1	24%	3.7	17.3%	2.5	(6.7)

AIM ITALIA

AIM Italia, the Italian equity capital market dedicated to small growing companies, has shown a significant growth since 2015, and counted, as of November 8th, 2019, 132 companies for a total capitalisation of Euro 6.8 b.

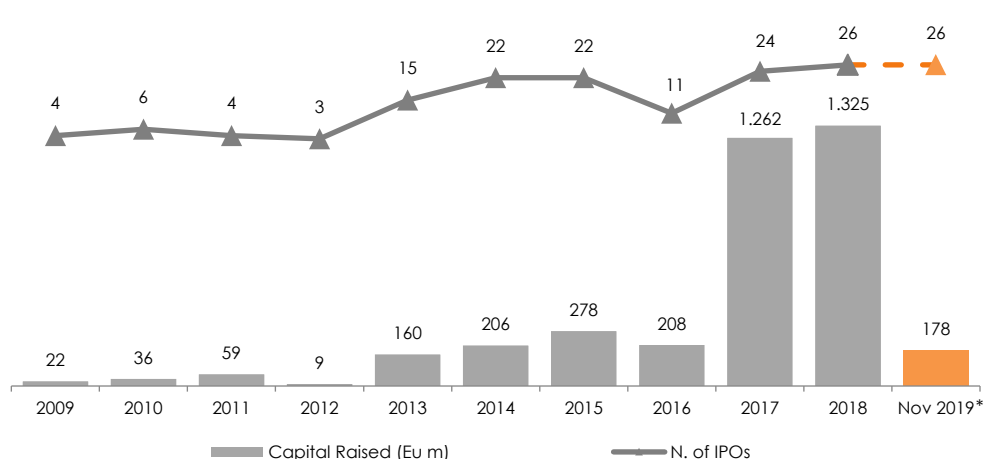
AIM Italia: 2009-2019 market dimension trend



Over the years, the number of IPOs and the amount raised has increased significantly with a peak registered in 2018, with the listing of 26 new companies and Euro 1.3 b of capital raised. When compared to the Italian main market (MTA), AIM Italia has been far more dynamic with 76 IPOs vs. 18 on MTA (of which 1 MIV) in the 2017-2019 period.

Since 2009, total equity raised in IPO on AIM Italia is almost Euro 3.8 b, if including capital increases, warrant exercise and bond subscription, total capital raised is of Euro 4.5 b.

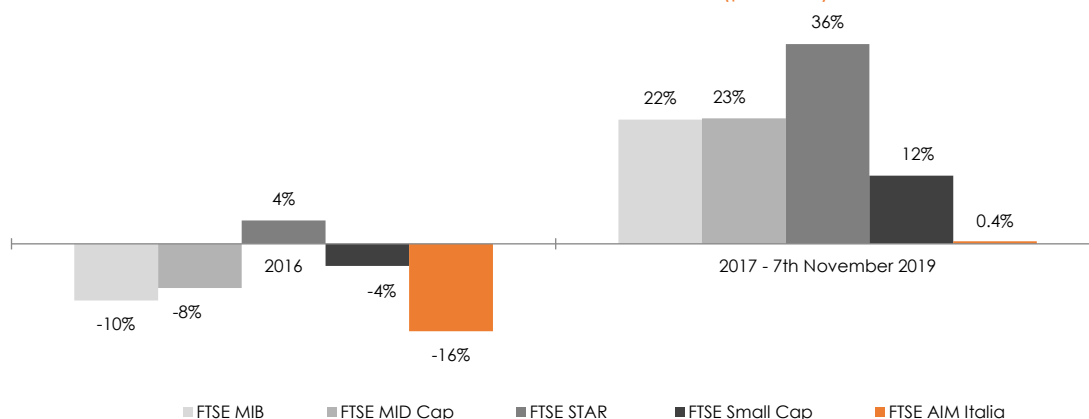
AIM Italia: 2009-2019 market growth trend



*Greenshoe option included

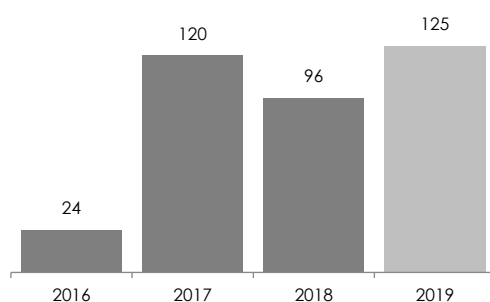
After the introduction of PIR (Piani Individuali di Risparmio, the Italian equivalent of UK Individual Savings Accounts) in 2017, all Italian indices showed positive trends. In particular, FTSE AIM Italia has grown by 0.4% since 2017 vs. -16% in 2016. In 2019 (YTD) it recorded a performance of -7%.

FTSE Indices: 2016 vs. 2017-2019 trend (post PIR)

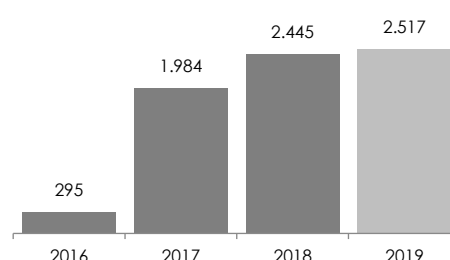


Market liquidity improved after the introduction of PIRs: Average Daily Traded Turnover (ADTT) strongly increased in 2017, with an average value of Euro 120 k (5.1x vs Euro 24 k in 2016). In 2018 ADTT was Euro 96 k (4.1x vs Euro 24 k in 2016) and in 2019 is grown to Euro 125 k. Total Traded Turnover (TTT) in 2018 amounted to Euro 2.45 b, 1.2x in 2017 (Euro 2.0 b) and 8.3X in 2016 (Euro 295 m). TTT in 2019 is Euro 2.5 b.

Average Daily Traded Turnover (Euro k)



Total Traded Turnover (Euro m)

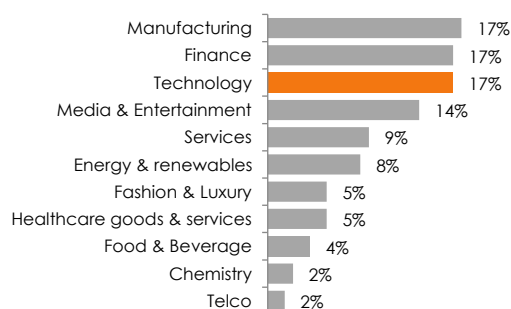


AIM ITALIA BY SECTOR

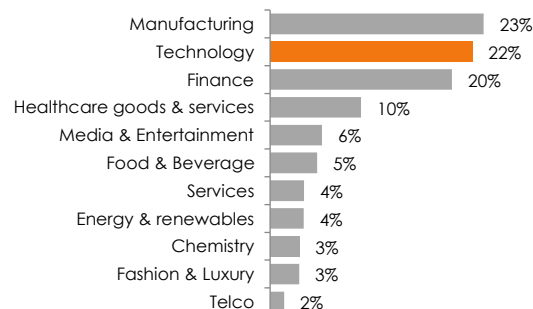
The most important sectors in terms of number of companies are Manufacturing (17%), Finance (including SPACs at 17%) and Technology (17%). The main sectors in terms of capitalisation are Manufacturing (23%), Technology (22%) and Finance (20%).

AIM Italia: breakdown by Sector

N. of companies

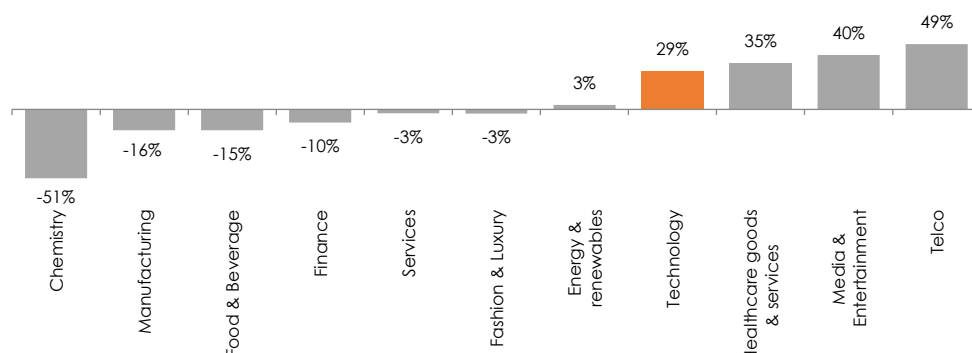


Capitalisation



Telco is the sector that has shown best share performance in 2017-2019 (+49%), followed by Media & Entertainment (+40%) and Healthcare goods & services (+35%).

AIM Italia: 2017 – November 8th, 2019 share price performance



In 2018 Manufacturing registered the highest level of average revenues (Euro 97 m), followed by Food & Beverage (Euro 72 m). When excluding Chemistry, which is represented by two companies, the highest yoy growth was registered by Manufacturing (+37%) and Technology (+31%). The sector with the highest level of average indebtedness (Euro 26.1 m) was Energy & renewables.

AIM Italia: average 2018 financial data

Sector	Revenues (Eu m)	Revenues YoY growth (%)	EBITDA margin (%)	NFP (Cash) (Eu m)	NFP/EBITDA (x)
Chemistry	36	128%	54%	2.6	(0.1)
Energy & renewables	27	13%	22%	26.1	35.2
Fashion & Luxury	35	6%	9%	0.6	(1.8)
Food & Beverage	72	0%	8%	10.7	0.4
Healthcare goods & services	47	27%	18%	(3.1)	0.4
Manufacturing	97	37%	11%	18.5	2.8
Media & Entertainment	26	29%	14%	6.9	1.5
Services	22	26%	7%	(1.7)	(0.3)
Technology	39	31%	17%	(1.1)	0.3
Telco	12	11%	39%	(1.9)	0.1
AIM Italia	45	29%	14%	7.2	3.9

Looking at average capitalization and, again, excluding Chemistry, represented only by two companies, the first sector is Healthcare goods & services (Euro 95 m), followed by Food & Beverage (Euro 69 m) and Manufacturing (Euro 68 m). In terms of 2018 EV/EBITDA multiples, excluding Energy & renewables, Services shows the highest value (17.1x), followed by Technology (13.3x).

AIM Italia: average market data

Sector	N. of companies	Market Cap (Eu m)	Free Float (%)	ADIT YTD (Eu)	2018 EV/EBITDA (x)
Chemistry	3	107	39%	1.258.166	2.8
Energy & Renewables	11	24	24%	29.189	60.3
Fashion & Luxury	7	30	24%	34.466	7.7
Finance	22	60	61%	107.653	n.m.
Food & Beverage	5	69	43%	39.547	9.2
Healthcare goods & services	7	95	30%	92.729	12.0
Manufacturing	23	68	27%	69.116	11.7
Media & Entertainment	18	22	27%	52.676	7.3
Services	12	21	33%	45.646	17.1
Technology	22	67	31%	213.139	13.3
Telco	2	51	47%	296.191	10.2
AIM Italia	132	52	35%	125.100	17.4

Source: Osservatorio AIM, EV as of November 8th, 2019 and Factset data

AIM POSITIONING

We position Matica Fintec within the AIM Italia “**Technology**” sector which includes 22 companies with average capitalization of Euro 67 m, an average free float of 31% and an average performance from IPO of +23%.

Market Data	Capitalization (Eu m)	Free Float (%)	Perf. from IPO (%)	ADTT YTD (Eu)
Alkemy	60	54%	-9%	51,805
AMM	23	14%	12%	110,661
Antares Vision	576	12%	-1%	201,690
Circle	10	20%	20%	32,981
Cyberoo	36	26%	32%	526,103
DHH	9	33%	-38%	4,568
Digital Value	163	32%	65%	67,504
Eles	50	45%	137%	511,531
Esautomotion	32	24%	-10%	38,689
Expert System	119	68%	66%	908,545
Finlogic	42	24%	65%	28,038
MailUp	68	33%	137%	105,117
MAPS	28	27%	97%	262,802
Matica Fintec	18	33%	2%	1,242,720
Neosperience	56	22%	134%	588,985
Neurosoft	29	14%	-85%	22,173
Powersoft	47	13%	19%	20,526
Prismi	21	91%	-92%	36,611
Relatech	22	20%	8%	219,403
Sofftec	5	10%	-89%	2,730
Vetrya	33	34%	-17%	126,166
Websolute	20	27%	55%	517,449
Technology	67	31%	23%	255,764
AIM Italia	52	35%	-11%	132,067

Source: Osservatorio AIM Italia and FactSet data as of November 12th, 2019

When compared to the “**Technology**” sector Matica Fintec shows:

- EBITDA margin largely in line (16% vs 17%);
- Lower revenues (Euro 14 m vs Euro 39 m), higher Net debt/EBITDA ratio (2.6x vs 0.3x);
- Higher free float (33% vs. 31%) and higher trading volumes.

FY 2018 Data	Revenues (Eu m)	EBITDA margin (%)	Net Debt (Cash) (Eu m)	EV/EBITDA (x)	NFP/EBITDA (x)
Alkemy	72	9%	10.7	11.4	1.7
AMM	12	12%	(0.0)	16.5	(0.0)
Antares Vision	119	28%	(28.7)	16.3	(0.9)
Circle	5	27%	(2.1)	6.1	(1.6)
Cyberoo	5	33%	0.5	21.0	0.3
DHH	6	8%	(2.6)	12.4	(4.9)
Digital Value	298	8%	(31.8)	5.5	(1.3)
Eles	22	17%	4.9	14.6	1.3
Esautomotion	18	27%	(7.7)	4.8	(1.5)
Expert System	29	16%	12.4	28.3	2.7
Finlogic	30	14%	(2.7)	9.4	(0.7)
MailUp	40	9%	(6.4)	16.4	(1.7)
MAPS	18	21%	3.0	8.4	0.8
Matica Fintec	14	16%	5.9	10.7	2.6
Neosperience	9	39%	3.3	17.6	1.0
Neurosoft	14	6%	(2.2)	33.3	(2.7)
Powersoft	33	16%	(8.3)	7.2	(1.5)
Prismi	21	13%	25.4	16.9	9.2
Relatech	14	14%	1.1	11.2	0.5
Sofftec	10	10%	2.0	7.0	2.1
Vetrya	59	13%	(3.4)	3.8	(0.4)
Websolute	13	13%	2.4	13.5	1.4
Technology	39	17%	(1.1)	13.3	0.3
AIM Italia	45	14%	7.2	17.5	3.9

Source: Osservatorio AIM Italia and FactSet data as of November 12th, 2019

REFERENCE MARKET: DIGITAL PAYMENT AND E-IDENTITY MARKET

The two reference markets for Matica Fintec are the **e-ID** and **Digital Payment** markets which both are expected to grow rapidly in the next years.

E-IDENTITY MARKET

The adoption of **digital instruments** in the **Identity document (Digital Identity)** and **security market** today represents a preferential choice for government entities, as they meet the highest security requirements, particularly as regards identity theft and terrorist threats.

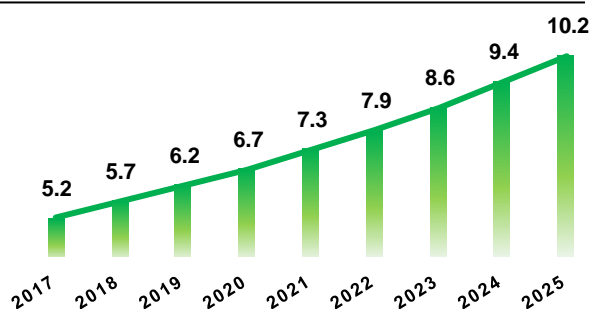
The security need in the management and transmission of information had led to the development and adoption of increasingly advance technological solutions, in particular **biometrics** for facial and fingerprints recognition.

The growth driver for this industry could be the implementation of a supranational legislative framework (also within the EU) regarding technologies and policies for the adoption of e-ID (electronic identification).

According to the the report "The Global Biometric Systems Market 2015-2025" the **global public spending, for the period 2017-2025**, is expected to double for biometric recognition systems: from \$ 5.2 billion in 2017 to \$ 10.2 billion in 2025.

Biometrics in the government sphere, \$B

Between 2017 and 2025, global government spending on biometric recognition systems will double: from \$5.2b in 2017 to \$10.2b forecast for 2025

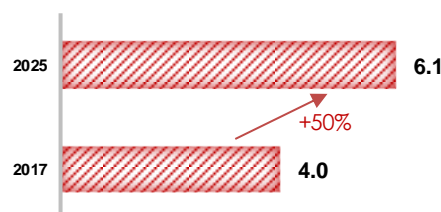


Source: "The Global Biometric Systems Market 2015-2025"

Another report, The Persistence Market Research 2018, estimates that the **ID card printer market** will **grow by 50%, or a CAGR of +5.4%, between 2017 and 2025**: from a total value of \$ 4 billion in 2017 to \$ 6 billion in 2025.

ID card issuance system market, \$B

The identity card issuance system market, with an overall value of \$b in 2017, is expected to exceed \$6b in 2025, with YoY growth of over 50%.



Source: Persistence Market Research, 2018

DIGITAL PAYMENT MARKET

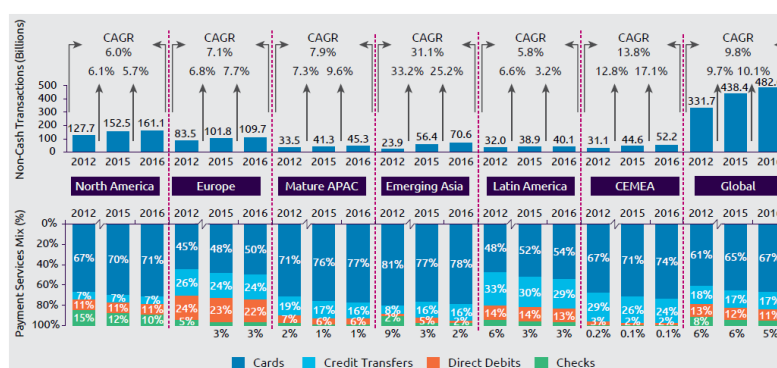
According to The World Payment Report 2018 realized by Campgemini and BNP Paribas, the volume of non-cash transactions has grown and will continue to do so also in the coming years.

In 2016, global non-cash transaction volumes grew at 10.1% to reach 482.6 billion. The report estimates that **the number of non-cash transactions will increase to 876.4 billion in 2021** (+80% vs 2016).

Cards are gaining market share globally, with debit cards transactions growing by 14.7% - the fastest rate of all non-cash payment instruments during 2016. The next-highest growth rates were recorded by credit cards, which grew at 10.9% and credit transfers, at 7.2%. Globally, cards continued to increase their share of the payment instruments mix in 2016, growing by 2.1% over 2015.

Contactless, biometrics and EMV are expected to drive credit card volume growth in mature markets, while robust credit scoring models that leverage data are expected to increase credit card volume in developing market.

Non-Cash Transactions (Billions) and Change in Payments' Mix (%), by Region, 2012, 2015, 2016

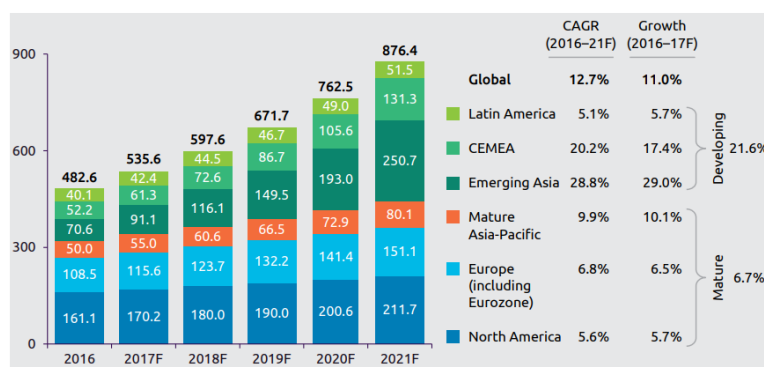


Source: World-Payments-Report-2018

The report shows that **cards are the main alternative payment instrument to cash**: they represent the 61% of non-cash global transaction in 2012 **and grew to 67% in 2016**.

The report estimates suggest that during the five-year period between 2016 and 2021, **the CAGR of worldwide non-cash transactions will be 12.7%**. The highest growth rate, of 21.6% over the five-year period, is expected to be in the developing regions of Latin America, CEMEA and Emerging Asia.

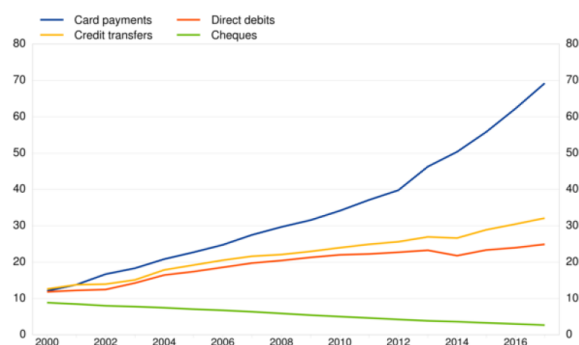
Number of worldwide Non-Cash Transactions (Billions), by Region 2012, 2021F



Source: World-Payments-Report-2018

The statistics prepared by the **European Central Bank (ECB)** confirm the trend also at European level (Eurosystem) with an **exponential growth of payment cards** since 2012, compared to other alternative instruments, up to about 70 billion transactions in 2016.

Number of non-cash annual transactions in the EU



Source: Instant Issuance: U.S. Current State Assessment', AITE Group, 2017

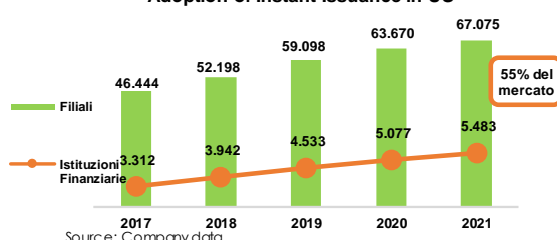
The constant rise in transactions with payment cards is having a **positive impact on the increase in the volumes of cards issued**.

Statistics produced by the European Central Bank, updated to September 2018, show how **the number of payment cards issued** by the Eurosystem Payment Service Providers (PSP) **has constantly risen from 2000 to 2017**, with a figure of 100%, reaching 800 m cards printed in 2017.

Growth forecasts are confirmed by:

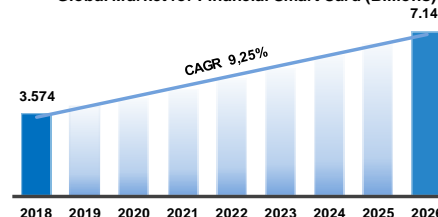
- Verified Market Research of 2018, according to which the global market for financial smart cards is estimated to grow to over 7.1 billion dollars in 2026, to a **CAGR 2018-2026 of 9.25%**.
- AITE Group of 2017, according to which, customer demand for both the faster issuance and the automatization of cards have led financial intermediaries to request new systems, to be used in branches, able to rapidly process all types of materials and layouts. More specifically, **in the USA, it is estimated that by 2021, around 5,500 financial institutions and 67,000 branches** will adopt systems for the instant issuance of financial cards.

Adoption of Instant Issuance in US



Source: Company data

Global Market for Financial Smart Card (Billions)



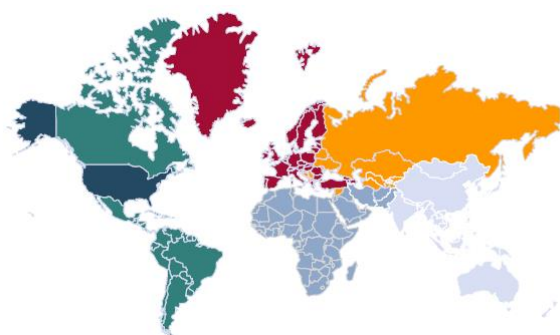
Source: Verified Market Research, October 2018

EMV Standard

EMV (Europay MasterCard Visa) is a worldwide standard for payment cards that provides global interoperability between all cards and the Payment Terminals. The EMV standard is also applicable to mobile payment solutions such as mobile EMV with NFC (Near-field-communication). EMV payment is based on chip and pin technology. EMV card transactions improve security against fraud compared to magnetic stripe card transactions.

Compared to the rest of the world, Western European countries already have a high EMV standards adoption rate.

The security needs in transactions and regulatory obligations will lead financial institutions to issue large volumes of new cards in compliance with the new standards in order to replace the previous cards.



Source: Company data






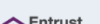
Country	% EMV card	% EMV transaction
Europe zone 1	84.3	97.3
Canada, Latin America and Caribbean	71.7	87.9
Africa e Middle East	61.2	87.1
Europe zone 2	52.3	71.8
Asia - Pacific	32.7	40.3
United States	26.4	1.98

COMPETITIVE LANDSCAPE

Matica Fintec operates in a **niche sector** where technology plays a leading role. This leads many companies to pursue external growth strategies, through acquisitions or M&A. Many of these deals are aimed to acquire the technological capabilities and the necessary know-how or to growth in a niche sector. Matica Fintec identifies 5 companies as **principal competitors**: Mühlbauer, Zebra Technologies, HID Global, Entrust Datacard and Evolis.

Matica Fintec vs. competitors: Economics

MaticaFintec's competitors present larger revenue volumes, as most of these are active also in other markets. In terms of revenues growth rate, Zebra Technologies and Matica Fintec were the fastest growing companies in the industry: Zebra Technologies's revenue grown by +13% followed by Matica Fintec +7%. Matica Fintec is the Company with the highest **EBITDA margin: 22,3%** at June 30, 2019.

Competitor	Country	Business	«Core» revenue 2018 €m	Revenue 2018 €m	Yoy 18/17	Revenue 1H2019 €m	Ebitda margin 2018	Ebitda margin 1H2019	Company	Market Cap € /000
	IT	- desktop solutions (ID & Financial card) - CI solutions (ID & Financial cards)	13.5	13.5	+7.3%	7.1	15.2%	22.3%	Private	-
	DE	- ID solutions - CI solutions (ID & Financial cards)	166	275.3	+3.4%	126.3	26.3%	15.5%	Listed	516
	US	- desktop solutions e barcode	1,206	3,564.3	+12.7%	1,905.4	18.8%	19.3%	Listed	9,670
	FR	- desktop solutions (Financial cards)	77	81.9	+2.4%	41.3	17.2%	11.4%	Listed	155
	US	- desktop solutions (ID & Financial cards) - CI solutions (ID & passports)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	Private (Assa Abloy Group)	-
	DE/US	- CI systems - desktop solutions (Financial cards)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	Private (Quandt family)	-

Source: Company presentation and IRTop elaboration

Matica Fintec vs competitors: Solutions

Entrusted Datacard, HID Global and Matica Fintec are the **only companies in the world** to offer a complete range of proprietary centralized (CI) and decentralized (FI) solutions and technologies. Over the years, Matica Fintec has integrated numerous technologies into its offer (software for the instant issuance of credit cards, laser, biometric systems, holographic applications for identity documents, etc.) transforming itself from a manufacturing company to a hi-tech solution provider.

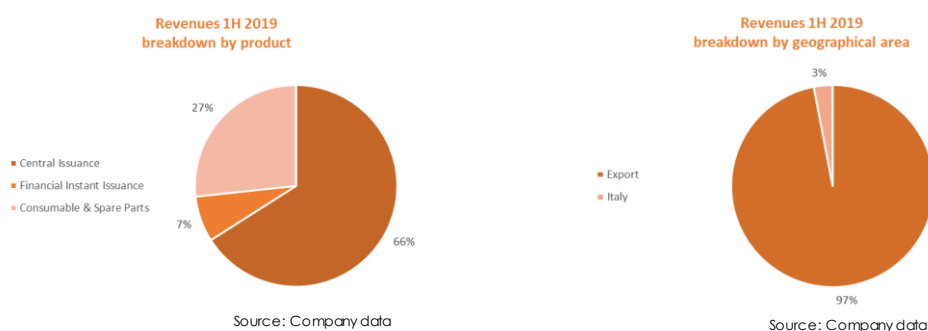


Source: Company data

COMPANY PROFILE

Matica Fintec is a **leader in the development of technological solutions** for the issuance of cards and documents requiring high technological content and compliance with the highest safety standards (e-ID and Digital Payment) **mainly for Governments** (licenses, passports, identity card etc.) **and Financial Institutions** (credit cards, debit cards etc.). The Company has a vast product offering based on three principal product lines: hardware to set up a small over-the-counter production at a branch level (**FI**), hardware for high-end centralized production (**CI**), consumables and spare parts.

Matica Fintec has currently 64 employees/collaborators and is headquartered in Milan with production facilities in Galliate (Piedmont). In FY 2018, total revenues reached Euro 13.5 m (Euro 6.9 m in 1H 2019), of which **95%** (97% in 1H 2019) **were realized outside Italy** in over **200 countries worldwide** thanks to a capillary sales network.



Source: Company data

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Matica Fintec listed on AIM Italia on November 11th, 2019. The IPO price was set at a Euro 1.71 per share (oversubscription of 2.6x), corresponding to a market capitalization of Euro 18 m and a free float of 33.39%. The offer of n. 4,033,800 shares for a total value of Euro 6.9 m consisted of (i) a capital increase of n. 3,508,200 new shares (Euro 6.0 m) and (ii) n. 525,600 existing shares owned by Matica Technologies AG to cover the over-allotment option of the Global Coordinator (Euro 0.9 m). The Greenshoe option can be exercised during the 30 days following the IPO. Should the Greenshoe option be fully exercised, the free float would increase to 38.39%.

The Company also issued 4,033,800 Warrant ("Matica Warrants 2019-2022") convertible in 3 tranches (November 2020-2022) at a conversion rate of 1S:10W.




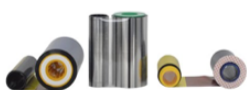
HISTORY

Matica Fintec is part of the Matica Technologies Group, and was established in July 2017 from the spin-off of the R&D division of Matica Technologies AG, the former created in 2007 as a JV between Matica Group and the French group Eloane, into the Italian commercial branch of the Matica group in order to create a new company for the production of high-end technological solutions for the e-ID and digital payment markets.

PRODUCT PORTFOLIO

Matica Fintec offers a **complete range of solutions** and proprietary technologies including printing digital solution for centralized (CI) and instant (FI) card/document issuance as well as the related software for the integration with the IT systems of customers. Matica's products are compliant with the highest security standards and are characterized by the **high technological content which over the years has come to include** biometric systems, laser technology, and holographic application for identity documents, and which has allowed the Company to transform from a mere product provider to a hi-tech solution provider. The Company's offering is based on three principal product lines:

- **Central Issuance (CI):** High performance and sophisticated solutions for the issuance of cards (e-ID, licenses, passports, payment cards) at **centralized level**. Each solution is composed of several **standard modules** assembled together. By interchanging the modules based on customer requests, it is possible to create a **product tailored to the customer**. Total share of 66% of revenues and an average **gross margin of 58.9%**.
- **Financial Instant Issuance (FI):** sophisticated solutions for issuing cards at peripheral level: it's an instant issuance solution that enables immediate in-branch issuance of cards. Total share of approx. 7% of revenues and an average **gross margin of 44.5%**.
- **Consumables and Spare parts (27%):** Company also provides post-sales services, including the sale of consumables and spare parts for all types of systems (CI and FI). Approximately 27% of total revenues.

	APPLICATIONS	FUNCTIONS	PRODUCTS
FINANCIAL INSTANT ISSUANCE (FI)	<ul style="list-style-type: none"> • Credit cards • Debit cards • Prepaid cards • Digital payment apps • Biometric cards 	Issuance systems with rapid development times used for small volumes of «cards» issued locally (branch/point of sale) integrated into proprietary SW.	 
CENTRAL ISSUANCE (CI)	<ul style="list-style-type: none"> • Credit cards • Debit cards • Prepaid cards • ID Cards, passports/visas, driving licenses • Biometric cards 	Sophisticated and customized issuance systems used for high volumes of «cards» issued at centralized level (e.g. ID) integrated into proprietary SW.	
CONSUMABLES & SPARE PARTS	<ul style="list-style-type: none"> • Applications for CI and FI systems 	Consumables, the volumes of which rise as the systems installed increase.	

Source: Company data

BUSINESS MODEL

Matica Fintec provides solutions for end users mainly represented by financial institutions and public entities (Printing Institutes, Ministries etc.).

1. Financial sector

For the financial sector Solutions for **decentralized issuance is generally sold directly to the end user** (financial institution). Sale of more complex **high-performance solutions** are either made **directly** to financial institution, or to **system integrations** responsible for the integration of banking software for the issuance of cards in branches.

In this sector, the purchase price is set by means of private negotiations between the parties.

2. Government Sector

Sales to the governmental sector is made either (i) directly, generally of centralized or decentralized high-performance solutions in accordance with client's specific requirements, or (ii) through the participation in public tenders, that includes both systems and consumables that recur over the years, hence creating the opportunity recurring revenues and higher margins.

Matica Fintec operates with a solid organizational structure that allows supervision of strategic and added-value activities in order to be able to satisfy clients increasingly complex requirements in terms of quality, technology and time-to-market.



R&D and design

Matica Fintec is highly innovative and invested approximately 10% of total 2018 revenues in **R&D** to enable integration with the IT systems of final customers and data transmission, and other technologies that respond to client's requirements for sophisticated materials, advanced technologies and customization of layout. The R&D activity is carried out internally by a team of 10 specialist engineers dedicated to development.

Assembly and quality control

Matica Fintec adopts an approach directed towards making modular systems with a view to guaranteeing customization, time to market and optimal delivery. Each solution is comprised of several standard modules assembled together directly in the Company's facilities in Galliate.

The production of modules and components is outsourced to carefully selected suppliers and the Company performs a final **assembly** of the various components and carries out a test and a **quality control** both on individual modules and on the complete issuance systems.

Marketing and sales

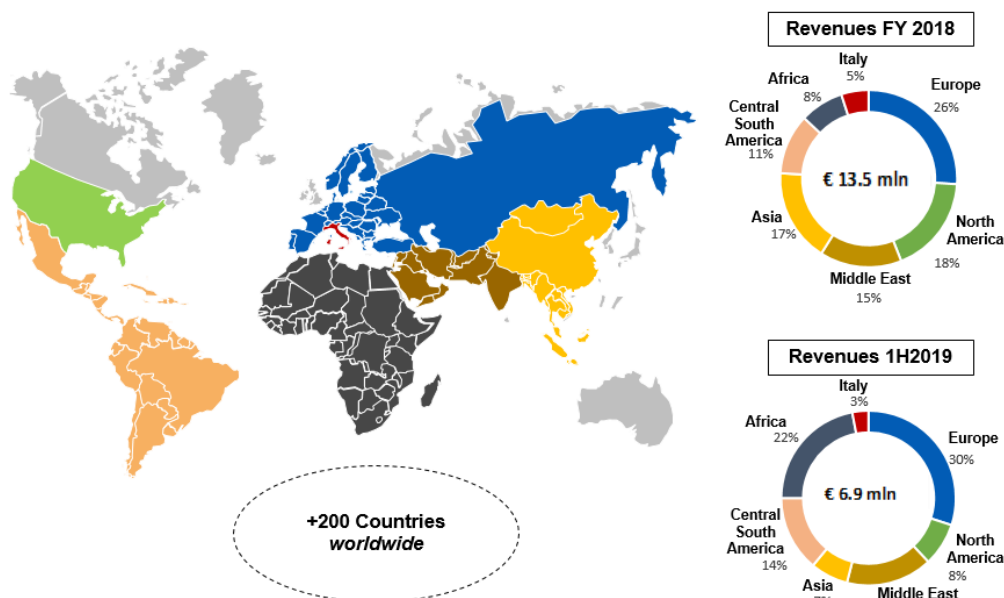
Marketing and market analysis activities are carried out by a team of specialists who work with "global sales" and "R&D". The **sales process** is managed centrally from the Novara office with the collaboration of direct agents and distributors operating worldwide.

Post-sales services

After sales services includes training and assistance, as well as ad hoc advice on the choice of technologies to be adopted. Thanks to a highly skilled team of engineers, Matica Fintec is able to satisfy the technological needs of its customers allows it to retain customers and create continuous relationships. After sale services also include the supply of consumables and spare parts for all types of systems (central and instant issuance), that guarantee visibility on revenues and represent a source of revenues and recurring margins.

INTERNATIONAL PRESENCE AND SALES NETWORK

Matica Fintec has an **international market** with a **wide distribution network**: **97%** of 1H 2019 revenue were generated **outside Italy**. The Company designs and develops products in Italy, but sells its systems **in over 200 countries worldwide** through a dense and widespread distribution network which includes **6 sales resources** who cover 5 geographic areas (South Africa, Europe/Russia, Dubai/Middle East, India, South Asia), **3 distributors and over 250 partners** for **sales and post-sales technical assistance**



Source: Company data

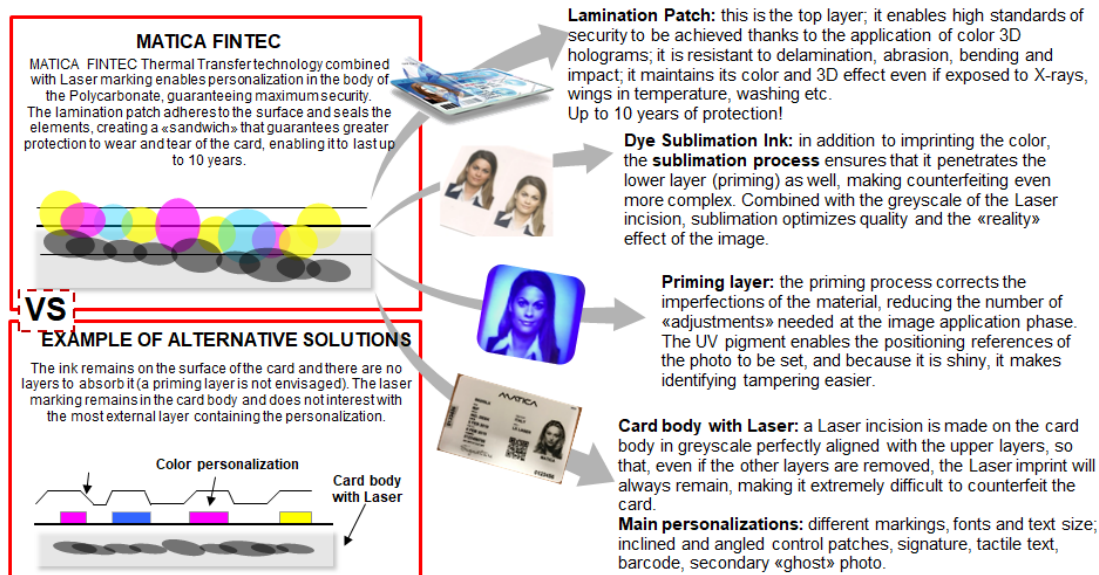
INNOVATION

Matica Fintec, highly innovative Company, invested approx. 10% of total 2018 revenues in R&D. The Company has obtained **9 patents** for embossing, data processing, an innovative card transport system and an innovative high-performance laser module. The R&D activity allows the Company to continue to develop **innovative solutions to protect the security and durability of data** and to integrate its solutions with the most advanced technologies, including: biometric systems, micro-processor and laser technology.

Payment technology – Matica Fintec develops **solutions and technologies** for the world of secure digital payments which is evolving fast: a rapid transition from «traditional cards» to «**smart cards**» is underway (the latter have a micro-processor, biometric recognition etc.). Matica Fintec's solutions make it possible to equip the cards with micro-processors, biometric recognitions, HD photo etc.

Virtual ID technology: allows to authenticate transactions using biometrics (e.g. fingerprint recognition) instead of using a pin code. The Company develops systems for the insertion of personal data both inside the micro-processor and on the card, interfacing with the operating systems of the Financial Institutions of Government Entities. The process complies with **EMV parameters** and those regarding the **safety** of personal data processing.

Investments in R&D and the internal know-how and experience matured in the card market have enabled the Company to **develop a wide range of customized and innovative solutions**. One of the leading technologies developed internally, is the **Thermal Transfer technology combined with Laser marking**. Which enables customization in the body of the Polycarbonate, guaranteeing maximum security. The lamination patch adheres to the surface and seals the elements, creating a "sandwich" that guarantees greater protection to wear and tear of the card, and that way making it last up to 10 years.

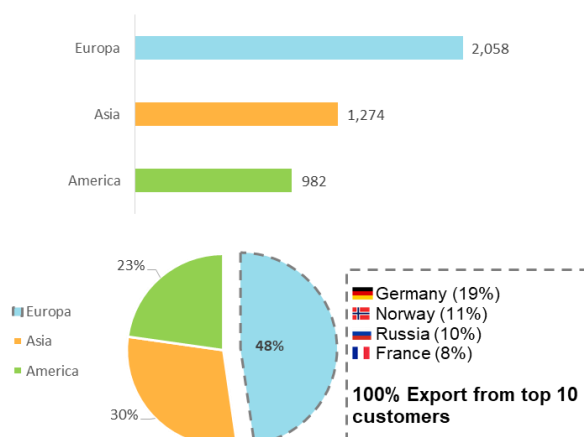


Source: Company data

CLIENT BASE

Matica Fintec has a highly diversified client base mainly represented by Financial Institutions, System Integrators and Public entities (Printing Institutes, Ministries etc.). There is no particular dependence on any single customer: the no. 1 client represent approx. 5% on total revenues (FY 2018), and the top 10 approx. 32%. In terms of geographical breakdown on the top 10 clients, Europe is the most important market representing approx. 48%, of sales, followed by Asia (c. 30% of sales), and America (23% of sales).

Customer	Sales €k	Geographic Area
1°	668	Asia
2°	540	America
3°	509	Europe
4°	480	Europe
5°	442	America
6°	372	Europe
7°	365	Europe
8°	332	Europe
9°	306	Asia
10°	300	Asia
Totale	4.314	



Source: Company data

SUPPLIERS

In FY 2018 total purchase from the top 10 suppliers amounted to c. Euro 2.8 m. On the top 10 suppliers, over 40% of purchases were made from the top 2 suppliers. The top 10 suppliers represent 48% of total costs for raw materials in FY 2018. The share of the first two suppliers is less than 25% of the total of suppliers. No cases of lock-in and/or particular dependence on a single supplier from a strategic perspective emerged. This situation has also been confirmed by the figures for 1H 2019. Geographical distribution of suppliers are highly diversified, with Italy being the first country representing 39% of total purchase of which Euro 0.8 m (30% of total) is made in Lombardy, followed by Germany 12.2%, the UK (10.8%) and France 7.6%.

Supplier	Purchases (Euro k)	% of top 10 suppliers	% of total cost for raw materials
1°	677	24.4%	11.7%
2°	523	18.9%	9.0%
3°	299	10.8%	5.2%
4°	210	7.6%	3.6%
5°	203	7.3%	3.5%
6°	197	7.1%	3.4%
7°	184	6.6%	3.2%
8°	166	6.0%	2.9%
9°	160	5.8%	2.8%
10°	156	5.6%	2.7%
Total	2,774	100.0%	48.0%

Source: Company data

STRATEGIC GUIDELINES

Matica Fintec intends to pursue its development and growth strategy through the following guidelines:

- **M&A activity:** vertical integration with focus on suppliers of high-quality printer ribbons, hologram or other products that represent recurring revenues. The M&A strategy also focuses on geographical expansion through the acquisition of companies with similar or complementary product in new geographic areas (China, Brazil), in order to create cost and / or commercial synergies and increase its market share in the medium term also through the expansion of its product range.
- **Boost of development activities to anticipate technological evolution:** in order to consolidate the technological position along the entire value chain, increase revenues through new products and defend marginality with products with a higher technological content.
- **Optimization of the production process** maintaining high quality standards: the most complex solutions are composed of standard modules. By increasing the inventory with standard modules, the Company reduces time to market and improved production efficiency.

OWNERSHIP

The share capital subscribed and paid up is Euro 5,254,100, made up by 10,508,200 ordinary shares without nominal value.

Shareholder	No.shares	%
Matica Technologies AG ¹	7,000,000	66.61%
Market	3,508,200	33.39%
Totale	10,508,200	100.00%

Source: Company data as of November 12th, 2019

¹Matica Technologies AG is owned by Sandro Camilleri, HDX2 Sarl - Private Equity firm and Other minorities.

The shares held by Matica Technologies are subject to a 12 months lock-up period. The Global Coordinator's Greenshoe option right expires on December 11th, 2019. Should the Global Coordinator fully exercise the option the free float will increase to 38.39%.

GOVERNANCE

List Vote: shareholders who individually or jointly represent at least 10% of the share capital.

The Company has a board of Directors of 5 members of which 1 independent.

KEY MANAGERS

The Company's Management team has a solid experience in the field of card industry and technological know-how.

Sandro Camilleri – Chairman

- Degree in Economics and Finance from the European Business School in London, he has held numerous internships in the banking-finance sector, including Hambros Bank and Banca di Roma;
- 1996- 2007, CEO and Board Member in a number of companies in the credit card production sector;
- In Matica Fintec since 2007, where he has held the position of Chairman since 2015, handling M&A, corporate finance and corporate strategy.

Gabriella Minerva – General Manager and CFO

- Degree in Economics and Business Administration from the Bocconi University in Milan, between 1981 and 1990, she held the position of administrative director in various companies;
- 1990 - 2001 she was the Administration and Finance Director of Air Europe
- 2001 - 2004 she was the Finance Director and HR Manager of Luxottica Group companies;
- 2004 - 2013 Chief Corporate Officer (Administration, HR, Purchasing and Legal Affairs) for Air Italy;
- 2013 - 2017 General Manager and member of the BoD of Trawell, a company listed on the AIM;
- She joined Matica Fintec in 2018 as General Manager and members of the BoD.

Pietro Broggian – Operations Director

- Degree in Industrial Technologies Engineering specializing in Production Systems from Milan Polytechnic, dal 1997 al 2000, he held the position of controller for the primary aluminum division of Alcoa;
- 2000 - 2002 he managed the Planning and Economic Analysis team for the Italian Commercial Department of Vodafone;
- 2002 - 2017 he worked for Broggian SpA, which operates in the jewelry sector, where he acquired experience in extraordinary financial operations, planning and control;
- He started working for Matica Fintec in 2019 as Operations Director and Board member.

OPPORTUNITIES

- **Research & Development:** Continuous investment in R&D (approx. 10% of revenue in 2018), with in-house development of technologies including the most innovative and cutting-edge in the reference market. The Company has obtained 9 patents for embossing, data processing, an innovative card transport system and an innovative high-performance Laser module.
- **International footprint:** Widespread presence in the major foreign markets, with over 200 countries served worldwide thanks to an extensive distribution network. In 2018 95% of revenues are realized outside Italy (97% in 1H 2019:), thanks to an extensive network of agents and distributors located worldwide (Europe, Africa, Middle East, Central and South America, etc.).
- **Customer Care:** Continuous customer care through the assistance and after-sales services which includes ad hoc training and advice for the technologies chosen. Maintenance of long-standing relations with customers
- **e-ID and Digital Payment systems:** wide range of high-tech systems designed to provide customized solutions for specific needs.
- **Industry experience:** Over 10 years of experience and know-how in the study, design and development of the best technologies to be integrated into the systems produced. Solid organizational structure which oversees the entire value chain, with specific focus on R&D, design, assembly, after-sales assistance.

MAIN RISKS

- **Risks related to the competitors: Competitive arena:** global competition with large-scale players as well as Asian players which face lower production costs. The risk that the Company is not able to deal appropriately with the strategies and commercial offers of competitors or the entry of new operators, national or international, and therefore progressively lose customers and / or market shares

- **Rapidly changing technologies:** the Company operates in an industry characterized by rapid and frequent technological innovations that makes it necessary to continuously update and improve products and services offered. The Company constantly monitors its reference markets in order to keep product and service offering up to date and in line with market requirements. However, potential errors in the new solutions or delays in the development and launch of them, could cause negative effects on the activities and financial performance of the Company.
- **Costs in Euro vs. competitors in dollars:** considering that the Company has an international presence, it concludes transactions in currencies different from the Euro and could therefore be exposed to the exchange rates risk.
- **Maintenance of high safety and technological standards:** the Company implements an R&D policy aimed at the creation and introduction in the market of highly specialized and innovative solutions capable of meeting the highest safety standards requiring important continuous investments in R&D
- Risks related to the **implementation of the strategic plan**, especially considering limited prior financial history of the Company and its business model. Any delay in the implementation of the business plan and/or any assumptions that should not occur or only occur partially could materially change the estimated results and thereby also the valuation.

FINANCIAL PERFORMANCE

1H 2018 financial statements are the first ones representing the Company's current operations. FY 2017 pro-forma financials are not available. FY 2018 and 1H 2018 financials have been adjusted to exclude the positive margin related to R&D activities conducted in favour of the parent company and since dismissed (unaudited). The Company adapts international accounting standards (IAS/IFRS).

In FY 2018, adjusted **Sales** came in at **Euro 13.5 million of which 95% were realized outside** Italy. In terms of product lines, Central Issuance systems represented 59% of total sales, followed by Desktop hardware (FII) at 15%, Spare Parts and consumables (14%), and revenues related to Small Primers at 13%. Production and sale of Small printers (desktop solutions) were dismissed by the Company as of 2019.

FY 2018 ADJUSTED RESULTS

Adjusted **EBITDA** stood at **Euro 2.3 m**, with an adjusted **EBITDA margin of 16%**, after **operating costs of Euro 11.7 m**, of which purchase of raw materials is the single most important cost item (56.3% including change in inventory). Personnel costs were Euro 3.1 m (26.4% of total operating costs), while costs for services were of Euro 1.8 m (15.0% of the total operating cost). After total D&As of Euro 2.7 m (of which Euro 2.4 m related to intangible assets), adjusted **EBIT** was negative of Euro -0.4 m. Adjusted **Net loss** for the year was of Euro -0.9 m (Euro -0.2 m unadjusted).

Net Working Capital at the end of FY 2018 stood at Euro 1.6 m, of which trade payables was the single largest item at Euro 2.9 m. Trade receivables were of Euro 1.7 m, with DSOs of 48 days.

Euro m	FY 2018 Adj
Inventory	2.6
Trade receivables	1.7
Trade payables	(2.9)
Intercompany	0.2
Other assets	0.8
Other liabilities	(0.8)
NWC	1.6

Source: Company data

Fixed assets include intangible assets for Euro 6.5 m of which Euro 1.1 m relative to Goodwill and Euro 1.2 m relative to Merger deficit (not amortized in accordance with IAS/IFRS). The remaining part is relative to R&D and patents. Tangible assets stood at Euro 0.8 m.

Net debt at year end 2018 adjusted, was of Euro 5.9 m including overdue tax payables for Euro 2.1 m that are paid in instalments in accordance with Italian law. **Total Equity** amounted to Euro 2.5 m. Including share capital of Euro 3.5 m, reserves of Euro 0.3 m, losses carried forward of Euro 1.1 m (deriving from the transfer of the business in 2017) and net loss for the period of Euro -0.2 m. PFN/EBITDA is equal to 2.6.

1H 2019 RESULTS

Since foundation in July 2017, Matica Fintec has grown rapidly and recorded **revenues (VoP) of Euro 7.1 m in 1H 2019**, up by **13%** vs. Euro 6.3 m in 1H 2018 mainly thanks to an increase in revenues from System Hardware (+35%) and Consumables (+97%).

Sales	1H 2019 Euro k	1H 2019 %	1H 2018 Adj Euro k	1H 2018 Adj %
Central Issuance	4,521	66%	3,350	56%
Financial Instant Issuance	503	7%	855	14%
Consumables & Spare parts	1,830	27%	928	15%
Spare parts & Small Printers	-	-	893	15%
Total Sales	6,853	100%	6,026	100%

Source: Company data

Despite the increase in revenues in 1H 2019, COGS decreased by approx. 11% (from Euro 3.0 m to Euro 2.6 m) resulting in a significant increase in profitability vs. 1H 2018, with an increase in **Gross margin** from 52.6% to 62.8%. This was, according to Management, mainly to be attributed to a particularly positive product mix in the first 6 months of 2019 (high portion of sale of high-tech solutions and the dismissal of the low-margin small printer business) and economies of scale in production.

1H 2019 EBITDA more than doubled vs. 1H 2018 and came in at Euro 1.6 m (Euro 0.7 m in 1H 2018 adjusted). **EBITDA margin was of 22%**, up by 1,062 bps vs. 1H 2018 as a consequence of the increase in sales volumes and the increase in Gross Margin mentioned above. Net **profit** was of Euro 16 k.

Working Capital at 1H 2019 stood at Euro 2.2 m, up by Euro 0.9 m in 1H 2018 essentially due to the sharp decrease in trade payables (approx. Euro 1.7 m), due to the repayment of prior years' debt.

Fixed assets stood at Euro 6.6 million, down by Euro 0.7 million vs. year-end 2018, and Euro 1.7 million vs. 1H 2018 as a result of the **considerable investments made in R&D in previous years**, Net debt at the end on June 2019 was of Euro 5.9 m vs. Euro 6.4 m in 1H 2018 adjusted and Euro 5.9 at year end 2018. Net Debt includes Euro 2.0 m for overdue tax.

Euro m	1H 2019A	1H 2018 Adj	FY 2018A	FY 2018 Adj
Sales	6.9	6.0	13.6	13.5
YoY	+13.7%	n.a.	n.a.	n.a.
Revenues (VoP)	7.1	6.3	15.7	14.0
YoY	+13.4%	n.a.	n.a.	n.a.
Gross Margin	4.5	3.3	9.3	7.4
Margin	62.8%	52.6%	59.3%	52.8%
EBITDA	1.6	0.7	2.9	2.3
Margin	22.3%	11.7%	18.3%	16.2%
EBIT	0.4	(0.6)	0.2	(0.4)
margin	5.5%	(9.8%)	1.2%	(3.0%)
Pre-tax Profit	0.2	(0.8)	(0.1)	(0.8)
Net Profit	0.0	(0.5)	(0.2)	(0.9)

Euro m	1H 2019A	1H 2018 Adj	FY 2018A	FY 2018 Adj
Net Working Capital (NWC)	2.2	1.3	0.3	1.6
Fixed net assets	6.6	8.3	7.3	7.3
Funds	(0.5)	(0.5)	(0.5)	(0.5)
Net Capital Employed	8.3	9.1	7.1	8.4
Net Debt (Cash)	5.9	6.4	4.6	5.9
Equity	2.5	2.8	2.5	2.5
Sources	8.3	9.1	7.1	8.4

Source: Company data (IAS/IFRS)

* The net result for the year 2018 (Euro – 0.9 m) was adjusted excluding the margin relating to the R&D activity carried out in favor of the parent company. The net result from the financial statements was Euro – 0.2 m.

2019-2022 ESTIMATES

- We believe Matica Fintec can grow **Sales** at a **2018-2022 CAGR of 12%** (from Euro 13.5 m to Euro 21.1 m). Main growth drivers should be:
 - ✓ Widening of product portfolio, with focus on new sophisticated solutions
 - ✓ Increase in sales of consumables and spare parts as a result of the greater number of solutions installed;
 - ✓ Investments to improve lead time and hence the number of solutions produced.
- **EBITDA** should grow at a **2018-2022 CAGR of 23%** to Euro 5.1 m in FY 2022. We expect 2019 EBITDA margin to rise to reach 19% (16.2% in FY 2018 adjusted), below that of 1H 2019 as the latter saw a high portion of complex high margin solutions, that we believe will not repeat in 2H 2019. We do however believe that the product mix will continue to improve in the 2019-2022 period which along with economies of scale will contribute to an improvement in EBITDA margin to 23.9% in FY 2022.
- We estimate **operating working capital to remain in line with the FY 2018** in terms of DIOs and DSOs. DPOs should decrease at year end 2019 in line with the ones in 1H 2019 due to the repayment of prior years' debt.
- **Decrease in D&As** from Euro 2.3 m of FY 2019 to Euro 1.4 m of FY 2022 as result of the significant investments made in R&D in previous years. **Net profit should grow at a 2018-2022 CAGR of +27%**, from Euro 0.1 m of FY 2019 to Euro 2.5 m in FY 2022.
- We estimate total **Capex** in the period of **Euro 4.8 m mainly related to R&D** (high-speed solutions, laser technology, and new products) and the modernization and optimization production capacity.
- According to our estimates Matica Fintec should be cash positive at the end of the period considered (Euro 6.7 m).
- Our estimates do not include M&A transactions.

MAIN FINANCIAL INDICATORS

Euro m	18Adj*	19E	20E	21E	22E
Sales	13.5	14.9	16.5	18.5	21.1
Yoy	n.a.	+10%	+11%	+12%	+14%
Revenues (VoP)	14.0	15.1	16.8	18.9	21.5
Yoy	n.a.	+8%	+11%	+13%	+14%
EBITDA	2.3	2.9	3.5	4.3	5.1
margin	16.2%	19.0%	20.8%	23.0%	23.9%
EBIT	(0.4)	0.5	1.5	2.8	3.7
margin	(3.0%)	3.5%	9.0%	14.8%	17.3%
Pre-tax profit	(0.8)	0.3	1.4	2.7	3.6
Net Profit	(0.9)	0.1	0.8	1.8	2.5

Euro m	18Adj*	19E	20E	21E	22E
Net Working Capital (NWC)	1.6	1.9	2.1	2.3	2.8
Fixed net assets	7.3	6.1	5.6	5.1	4.8
Funds	(0.5)	(0.5)	(0.5)	(0.6)	(0.6)
Net Capital Employed	8.4	7.4	7.2	6.9	7.0
Net Debt (Cash)	5.9	(1.2)	(2.3)	(4.4)	(6.7)
Equity	2.5	8.6	9.5	11.3	13.8
Sources	8.4	7.4	7.2	6.9	7.0

Source: Consolidated Company data (IAS/IFRS) and IR Top estimates

* The net result for the year 2018 (Euro – 0.9 m) was adjusted excluding the margin relating to the R&D activity carried out in favor of the parent company. The net result from the financial statements was Euro – 0.2 m.

AIM POSITIONING DISCOUNT/PREMIUM

When using market multiples to determine the fair value of an AIM Italia listed company, we apply a discount on the average peer multiple based on an algorithm that measures the positioning of the company compared to the AIM Italia market as a whole and to the relevant AIM Sector.

In partnership with “Osservatorio AIM” (IR Top proprietary database) all companies listed on AIM Italia have been analysed over 4 dimensions:

1. Market Data (capitalisation, liquidity, free float)
2. Financials (growth and profitability)
3. Sustainability (ESG)
4. Transparency (strategic plan)

The Market Data establishes a base discount that runs from 20% to 30%. According to a scoring system, the other 3 dimensions (Financials, Sustainability and Transparency) determine an additional discount/premium in a range of +/- 5%.

Applying the algorithm on Matica Fintec, we consider fair a discount of 27.50% to Industry peers based on:

- Market Data discount of 27.50%
- An additional 0.0% as the sum of the scoring for Financials (0.0%), ESG (+1.0%) and Transparency (-1.0%).

The figure below summarizes Matica Fintec' relative positioning for the items considered.

AIM Positioning MATICA FINTEC	AIM Sector		AIM Italia		YES	NO
Market Data	<AVG	>AVG	<AVG	>AVG		
Capitalisation	X		X			
Liquidity (ADTT YTD)		X		X		
Free Float		X	X			
Financials	<AVG	>AVG				
YoY Revenues growth	X		X			
EBITDA Margin	X			X		
Dividend policy						X
Sustainability (ESG)						
Independent Directors					X	
List vote					X	
Relevant Environmental Data						X
Relevant Social Data						X
Transparency						
Strategic Plan						X

Source: Osservatorio AIM Italia and FactSet data as of November 12th, 2019

VALUATION

We initiate our coverage of Matica Fintec with a target price of Euro 3.62 p.s. providing an upside to the current share price of +107%. Our valuation is based on a DCF model and on a multiple comparison, weighted equally. At our target price the stock would be trading at 12.8x and 10.6x 2019 and 2020 EBITDA respectively.

Method	Weight	Price (Euro)
Multiple analysis	50%	3.85
DCF	50%	3.39
Target Price	100%	3.62

Our valuation does not consider the possible dilution impact from the exercise of outstanding warrants, which would have an impact of -1.8% on our valuation.

MULTIPLES

We used a peer group of International companies active in the Company's reference market. We applied a 27.5% AIM Positioning discount on peers.

International Peer Group

	Country	Market Cap (Eu m)	2018 Revenues (Eu m)	yoy	2018A EBITDA %	2019E EBITDA %
Zebra	USA	11,966	3,564	8%	19%	22%
Evolis	France	161	82	2%	17%	15%
Identiv Inc	USA	76	66	24%	4%	10%
Rambus Inc.	USA	1,406	196	-44%	-19%	44%
Illinois Tool Works Inc.	USA	51,008	12,518	-1%	27%	27%
IPG Photonics Corporation	USA	6,790	1,237	-1%	41%	30%
CPI Card Group	USA	15	217	9%	9%	14%
Assa Abloy AB	Sweden	22,432	8,188	4%	18%	19%
3D System	USA	1,011	583	2%	2%	5%
Ingenico Group SA	France	6,148	2,643	6%	18%	18%
Median		3,777	910	3%	18%	18%
Matica Fintec	Italy	18	14	n.a.	16%	19%

	EV/EBITDA			EV/EBIT			P/E		
	18A	19E	20E	18A	19E	20E	18A	19E	20E
Zebra	18.5	15.2	14.3	24.03	16.4	15.4	20.5	18.8	17.3
Evolis	11.5	11.0	8.8	13.58	15.4	11.6	16.6	24.3	18.0
Identiv Inc	695.4	11.1	7.9	n.a.	38.4	15.3	13.8	250.5	20.2
Rambus Inc.	n.a.	8.7	8.5	n.a.	13.8	9.8	15.1	14.9	18.8
Illinois Tool Works Inc.	15.1	16.2	15.7	17.35	18.3	17.9	16.7	22.9	21.9
IPG Photonics Corporation	10.5	17.0	15.6	12.51	22.7	19.5	15.4	33.0	28.1
CPI Card Group	14.2	8.2	7.6	70.48	13.4	14.0	n.a.	n.a.	n.a.
Assa Abloy AB	36.7	15.7	14.7	21.89	18.9	17.4	63.8	24.1	22.2
3D System	63.1	33.7	19.9	n.a.	n.a.	84.2	62.7	n.a.	128.8
Ingenico Group SA	18.3	n.a.	n.a.	25.51	n.a.	n.a.	16.2	19.3	17.3
Median	18.3	15.2	14.3	21.9	17.4	15.4	16.6	23.5	20.2

Source: IR Top Research estimates for Matica Fintec and FactSet data as of November 12th, 2019 for peers

DCF AND SENSITIVITY ANALYSIS

We based our DCF model on the following assumptions:

- Risk-free interest rate: 2.3% (yield BTP 10 years - 24-month average)
- β unlevered: 0.75 (industry average peers)
- ERP: 9.03%
- WACC: 8.6%
- Perpetual growth: 1.5%
- FY 2019E Net Debt.

Sum of PV 2019-2023 FCFs (Eu m)	8.5	21%
Discounted Terminal Value (Eu m)	30.8	79%
Enterprise Value (Eu m)	39.3	100%
Net Debt FY 2019E	(1.2)	
Equity Value (Eu m)	40.5	
Number of shares outstanding (m)	10.5	
Fair Value per share (Euro)	3.85	

Source: Company data and IR Top Research estimates as of November 12th, 2019

MATICA FINTEC ON AIM ITALIA

IPO

Listing Market: AIM Italia – Borsa Italiana SpA

Capital raised: Euro 6.9 m (Euro 6.0 m capital increase and Euro 0.9 m Greenshoe option)

Price: Euro 1.71 p.s.

Capitalisation: Euro 18 m

SHARES (as of November 12th, 2019)

Code: MFT

Bloomberg: MFT:IM

Reuters: MFTC.MI

ISIN: IT0005388449

Share: 10,508,200

Price: Euro 1.75

Performance from IPO: +2%

Capitalisation: Euro 18 m

Free Float: 33.39%

NomAd and Global Coordinator: Integrae Sim

Auditing firm: Nexia Audirevi

WARRANTS (as of November 12th, 2019)

Name: "Warrant Matica 2019-2022"

Alphanumeric code: WMFT22

ISIN: IT0005388381

Issued warrants: 4,033,800

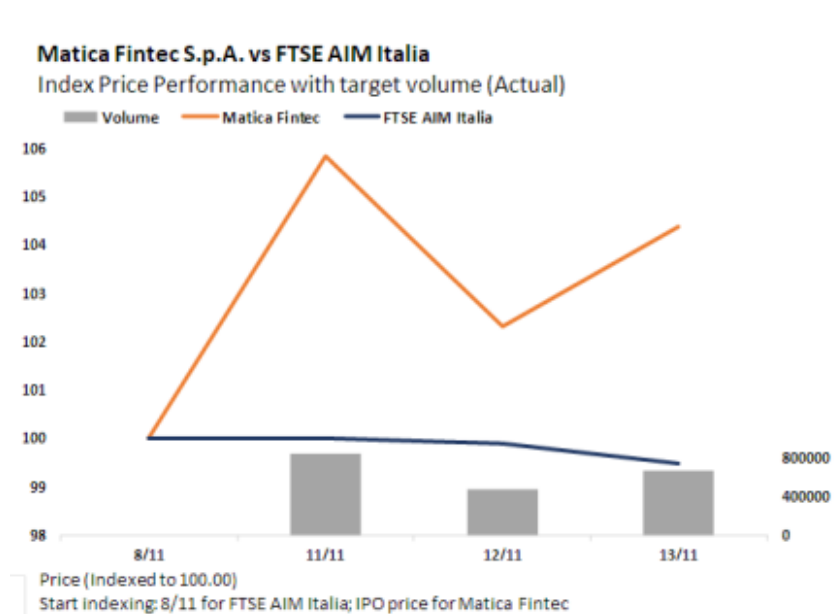
Exercise ratio: 1 ordinary share every 10 warrants held

1st exercise period: November 16th, 2020 – November 30th, 2020; exercise price Euro 1.881

2nd exercise period: November 15th, 2021 – November 30th, 2021; exercise price Euro 2.069

3rd exercise period: November 15th, 2022 – November 30th, 2022; exercise price Euro 2.276

Number of outstanding Warrant at November 12th, 2019: 4,033,800.



KEY FINANCIAS

Profit&Loss Statement	2018A	2019E	2020E	2021E	2022E
Revenues	15,7	15,1	16,8	18,9	21,5
EBITDA	2,9	2,9	3,5	4,3	5,1
EBIT	0,2	0,5	1,5	2,8	3,7
Financial Income (charges)	(0,5)	0,0	0,0	0,0	0,0
Pre-tax profit (loss)	(0,1)	0,3	1,4	2,7	3,6
Taxes	(0,2)	(0,2)	(0,6)	(0,9)	(1,2)
Net profit (loss)	(0,2)	0,1	0,8	1,8	2,5

Balance Sheet					
Net working capital (NWC)	0,2	1,9	2,1	2,3	2,8
Net fixed assets	7,3	6,1	5,6	5,1	4,8
M/L Funds	(0,5)	(0,5)	(0,5)	(0,6)	(0,6)
Net Capital Employed	7,0	7,4	7,2	6,9	7,0
Net Debt	3,7	(1,2)	(2,3)	(4,4)	(6,7)
Equity	2,5	8,6	9,5	11,3	13,8

Cash Flow					
EBIT	0,2	0,5	1,5	2,8	3,7
D&A	2,7	2,3	2,0	1,6	1,4
Tax	(0,2)	(0,2)	(0,6)	(0,9)	(1,2)
Change in M/L Funds	(0,1)	(0,0)	0,0	0,0	0,0
Gross Cash Flow	2,6	2,7	2,9	3,5	4,0
Change in NWC	1,8	(0,3)	(0,2)	(0,2)	(0,5)
Operating Cash Flow	4,5	2,4	2,7	3,3	3,5
Capex	(0,6)	(1,1)	(1,5)	(1,1)	(1,1)
Change in other non-current asset	0,0	0,0	0,0	0,0	0,0
Financial Income (charges)	(0,5)	0,0	0,0	0,0	0,0
Free Cash Flow	3,3	1,3	1,2	2,2	2,4
Dividend	0,0	0,0	0,0	0,0	0,0
Change in Equity	(0,5)	6,0	0,0	0,0	0,0
Change in Net debt	2,8	7,3	1,2	2,2	2,4

Per Share Data					
Price	1,75				
Total shares out (mn) average	10,5				
EPS	(0,0)	0,0	0,1	0,2	0,2
DPS	n.a.	n.a.	n.a.	n.a.	n.a.
FCF	0,3	0,1	0,1	0,2	0,2
Pay out ratio	n.a.	n.a.	n.a.	n.a.	n.a.

Ratios					
EBITDA margin	18,1%	19,0%	20,8%	23,0%	23,9%
EBIT margin	1,2%	3,5%	9,0%	14,8%	17,3%
Net Debt/Equity	149,6%	-14,2%	-24,5%	-39,3%	-49,0%
Net Debt/(Net Debt + Equity)	59,9%	-16,6%	-32,4%	-64,8%	-96,1%
Net Debt/EBITDA	1,31	-0,43	-0,67	-1,02	-1,31
Interest cover EBIT	0,35	n.s.	n.s.	n.s.	n.s.
ROE	-9,3%	1,5%	8,9%	16,2%	17,9%

Source: Company data (IAS/IFRS) for FY 2018 and IR Top Research estimates for 2019-2022

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