

# MATICA FINTEC

**BUY**

Sector: Industrials

Price: Eu2.11 - Target: Eu3.50

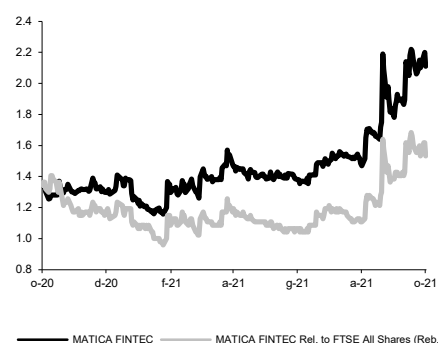
## Technological DNA Drives Profitable Growth Trajectory

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### Stock Rating

**Rating:** BUY (New Coverage)  
**Target Price (Eu):** 3.50 (New Coverage)

### MATICA FINTEC - 12M Performance



### Stock Data

 Reuters code: MFTC.MI  
 Bloomberg code: MTF IM

Performance	1M	3M	12M
Absolute	18.5%	40.7%	57.2%
Relative	12.6%	30.3%	20.0%
12M (H/L)	2.22/1.16		
3M Average Volume (th):	123.48		

### Shareholder Data

No. of Ord shares (mn):	11
Total no. of shares (mn):	11
Mkt Cap Ord (Eu mn):	22
Total Mkt Cap (Eu mn):	22
Mkt Float - Ord (Eu mn):	8
Mkt Float (in %):	37.0%
Main Shareholder:	
Matica Technologies AG	61.6%

### Balance Sheet Data

Book Value (Eu mn):	9
BVPS (Eu):	0.83
P/BV:	2.5
Net Financial Position (Eu mn):	0
Enterprise Value (Eu mn):	24

- Matica Fintec offers technological systems in the digital ID and payments markets.** The company supplies its products and proprietary technology globally to government and financial institutions for the issuance of ID and financial cards. Matica Fintec's core markets are niche ones where it competes with few other players (Entrusted Datacard, HID Global, and Matica Fintec are the only companies worldwide providing both centralised and decentralised issuing solutions). The business model is built on excellent operations management combined with a strong technological identity (R&D employees are 20% of the total), and proved resilient during the pandemic with the gross margin staying at ca. 60% and the EBITDA margin close to 20% after a 15% drop in sales. We think Matica Fintec is now ready to return to its profitable growth path driven by rising demand in its core markets. On our estimates, this would lead to the company generating Eu24mn in revenues, Eu5mn in EBITDA, and Eu3mn in net profit over three years vs a current mkt cap of Eu22mn. We initiate coverage with a Buy rating and a target price of Eu3.5.
- Excellent operations management the key driver of profitability.** Operations management at its Galliate (Novara) plant is key to understanding the company business model, which encompasses the design of equipment with a modular structure, production of centralised and decentralised issuing systems, and efficient inventory management. The model enables rapid scaling-up of volumes and provides the flexibility to adapt production to customer requirements at low cost.
- Ability to integrate new technology is the other key pillar.** The other crucial feature of the business model is Matica Fintec's ability to develop and quickly integrate new technology for its customers (products incorporate best security standards and EMV payments standards). This capability is in the DNA of the company, which began life as a spin-off of the R&D activities of the Matica Group. The recently announced introduction of Drop on Demand inkjet technology (improving speed, quality, and durability) is an example of the group's strong technological identity.
- FY21-24 estimates.** 1H21 marked the start of the return to the pre-pandemic growth path, with volumes above 1H19 and the EBITDA margin at 22%, and we estimate the company will close FY21 with sales of Eu15.0mn, EBITDA >Eu3.0mn, and net profit >Eu1mn. Over the next three years, we expect Matica Fintec to grow sales to Eu24mn (+17% CAGR), EBITDA to Eu5mn (+21% CAGR), and net profit to Eu3mn (+39% CAGR). This is before considering potential M&A to accelerate growth (Eu7mn liquidity available, NFP turning positive in 2022e).
- Initiating with Buy, TP Eu3.5.** Our TP of Eu3.5 per share is based on a DCF valuation of the business. At target, we value Matica Fintec at 8x EV/EBITDA and 17.5x P/E FY23e, which we see as undemanding multiples in light of its technological positioning in growing niche markets. Listed competitors include Zebra (20% of sales in Matica's core markets) which trades at 18x EV/EBITDA and 25x P/E FY23e, Muhlbauer, and Evolis. Matica Technologies AG owns 62% of Matica Fintec's shares.

Key Figures & Ratios	2020A	2021E	2022E	2023E	2024E
Sales (Eu mn)	13	15	17	20	24
EBITDA Adj (Eu mn)	2	3	4	4	5
Net Profit Adj (Eu mn)	0	1	2	2	3
EPS New Adj (Eu)	0.008	0.102	0.147	0.199	0.272
EPS Old Adj (Eu)					
DPS (Eu)	0.000	0.000	0.000	0.000	0.000
EV/EBITDA Adj	8.1	7.9	6.3	5.0	3.7
EV/EBIT Adj	32.5	13.8	9.7	7.0	4.8
P/E Adj	nm	20.6	14.4	10.6	7.8
Div. Yield	0.0%	0.0%	0.0%	0.0%	0.0%
Net Debt/EBITDA Adj	0.2	0.1	0.0	-0.2	-0.5

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MATICA FINTEC – Key Figures						
Profit & Loss (Eu mn)	2019A	2020A	2021E	2022E	2023E	2024E
Sales	15	13	15	17	20	24
EBITDA	3	2	3	4	4	5
EBIT	1	1	2	2	3	4
Financial Income (charges)	-0	-0	-0	-0	-0	-0
Associates & Others	0	-0	0	0	0	0
Pre-tax Profit	1	0	1	2	3	4
Taxes	-0	-0	-0	-1	-1	-1
Tax rate	54.8%	74.9%	27.4%	29.0%	29.5%	29.5%
Minorities & Discontinued Operations	0	0	0	0	0	0
Net Profit	0	0	1	2	2	3
EBITDA Adj	3	2	3	4	4	5
EBIT Adj	1	1	2	2	3	4
Net Profit Adj	0	0	1	2	2	3
Per Share Data (Eu)	2019A	2020A	2021E	2022E	2023E	2024E
Total Shares Outstanding (mn) - Average	11	11	11	11	11	11
Total Shares Outstanding (mn) - Year End	11	11	11	11	11	11
EPS f.d	0.029	0.005	0.102	0.147	0.199	0.272
EPS Adj f.d	0.010	0.008	0.102	0.147	0.199	0.272
BVPS f.d	0.712	0.728	0.829	0.974	1.170	1.438
Dividend per Share ORD	0.000	0.000	0.000	0.000	0.000	0.000
Dividend per Share SAV						
Dividend Payout Ratio (%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Cash Flow (Eu mn)	2019A	2020A	2021E	2022E	2023E	2024E
Gross Cash Flow	3	2	2	3	3	4
Change in NWC	-2	-2	-0	-1	-1	-1
Capital Expenditure	-1	-2	-1	-2	-2	-2
Other Cash Items	-1	1	0	0	0	0
Free Cash Flow (FCF)	-1	-1	0	1	1	2
Acquisitions, Divestments & Other Items	0	0	0	0	0	0
Dividends	0	0	0	0	0	0
Equity Financing/Buy-back	5	0	-0	0	0	0
Change in Net Financial Position	5	-1	0	1	1	2
Balance Sheet (Eu mn)	2019A	2020A	2021E	2022E	2023E	2024E
Total Fixed Assets	6	6	6	6	7	7
Net Working Capital	3	4	5	5	6	7
Long term Liabilities	-0	-1	-1	-1	-1	-1
Net Capital Employed	9	10	10	11	12	13
Net Cash (Debt)	1	-0	-0	0	1	3
Group Equity	7	8	9	10	12	15
Minorities	0	0	0	0	0	0
Net Equity	7	8	9	10	12	15
Enterprise Value (Eu mn)	2019A	2020A	2021E	2022E	2023E	2024E
Average Mkt Cap	20	15	22	22	22	22
Adjustments (Associate & Minorities)	-2	-2	-1	-1	-1	-1
Net Cash (Debt)	1	-0	-0	0	1	3
Enterprise Value	22	18	24	23	22	20
Ratios (%)	2019A	2020A	2021E	2022E	2023E	2024E
EBITDA Adj Margin	21.2%	17.0%	20.3%	21.1%	21.4%	22.4%
EBIT Adj Margin	4.3%	4.2%	11.6%	13.7%	15.3%	17.4%
Gearing - Debt/Equity	-9.7%	5.8%	2.8%	-0.8%	-7.4%	-17.4%
Interest Cover on EBIT	2.5	1.8	6.4	9.6	14.3	21.0
Net Debt/EBITDA Adj	-0.2	0.2	0.1	0.0	-0.2	-0.5
ROACE*	7.6%	5.8%	17.2%	22.2%	26.9%	33.5%
ROE*	2.1%	1.1%	13.0%	16.0%	18.3%	20.6%
EV/CE	2.5	1.9	2.4	2.2	1.9	1.6
EV/Sales	1.4	1.4	1.6	1.3	1.1	0.8
EV/EBITDA Adj	6.8	8.1	7.9	6.3	5.0	3.7
EV/EBIT Adj	33.3	32.5	13.8	9.7	7.0	4.8
Free Cash Flow Yield	-2.3%	-3.3%	1.9%	2.9%	4.9%	8.9%
Growth Rates (%)	2019A	2020A	2021E	2022E	2023E	2024E
Sales	7.0%	-14.9%	17.3%	16.6%	17.6%	17.7%
EBITDA Adj	40.3%	-31.9%	40.0%	21.1%	19.6%	23.0%
EBIT Adj	nm	-16.9%	219.8%	38.2%	31.4%	33.8%
Net Profit Adj	nm	-83.6%	2001.8%	43.4%	35.5%	36.9%
EPS Adj	nm	-20.4%	1212.1%	43.4%	35.5%	36.9%
DPS						

\*Excluding extraordinary items Source: Intermonte SIM estimates

## Matica Fintec in Brief

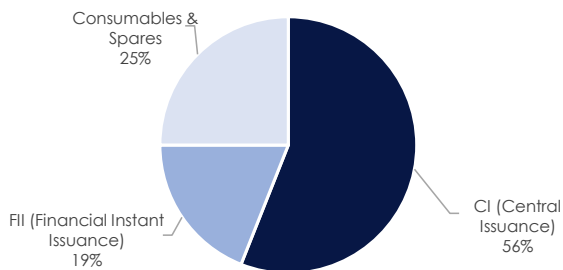
### Company description

Matica Fintec is a global company operating in the design, production, and marketing of technological solutions for governments and financial institutions in the markets of e-identity and digital payments. The group offers a broad portfolio of solutions capable of satisfying customers' needs for both centralised and decentralised issuing systems. An extensive distribution network (97% of sales exported from Italy in 1H21), is a key company asset.

### Strengths/Opportunities

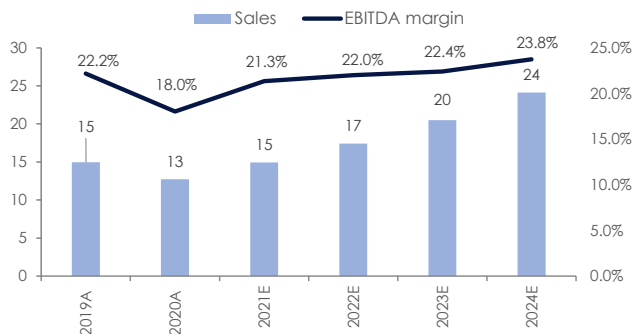
- Exposure to growing markets for digital identity and payments
- Experienced management team, excellent operations management, and R&D at the heart of the business model
- Financial flexibility to accelerate growth through M&A

Figure 1: Sales by product 2020



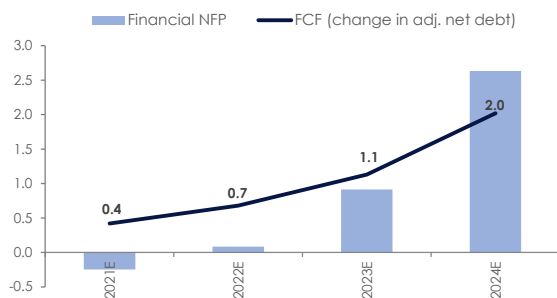
Source: Company data

Figure 3: Sales (Eu mn), EBITDA margin (%) 2019-2024E



Source: Company data, Intermonte SIM

Figure 5: Financial NFP and FCF 2021-2024E (Eu mn)



Source: Intermonte SIM

### Management

**Chairman:** Sandro Camilleri  
**General Manager:** Gabriella Minerva  
**Operation Director:** Pietro Broggian

**Next BoD renewal:** approval of

Financial Statement FY21

**BoD independent members:** 1/5

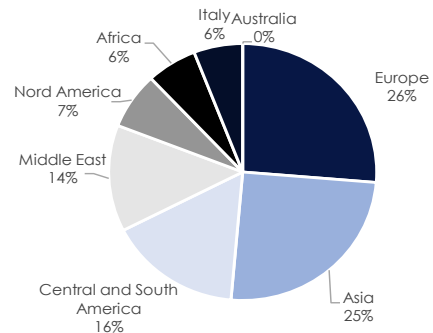
### Shareholding

Matica Tech. AG	61.6%
Market	38.4%

### Weaknesses/Threats

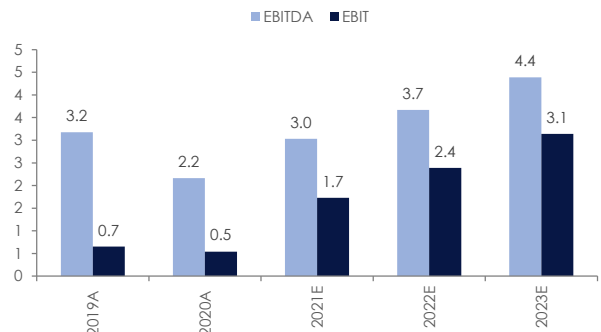
- Matica Fintec's competitors are larger in size, although less agile or flexible at making tailor-made products at low cost
- The sector is characterised by a high degree of innovation and integration of new technology
- Low stock liquidity

Figure 2: Sales by geography 2020



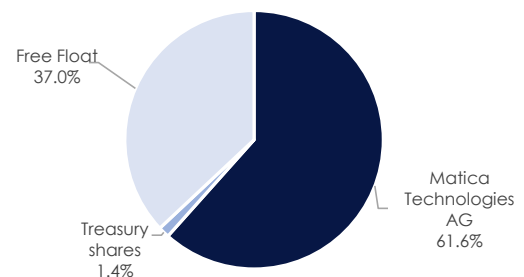
Source: Company data

Figure 4: EBITDA, EBIT 2019-2024E (Eu mn)



Source: Company data, Intermonte SIM

Figure 6: Shareholding



Source: Company data

## Executive Summary

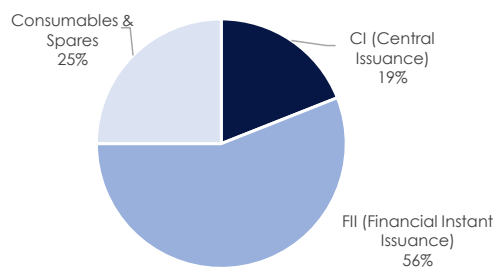
### Technological DNA drives profitable growth trajectory

Matica Fintec (registered as an innovative SME with the Ministry of Economic Development) competes globally as a supplier of technological solutions for the digital payment and e-ID sectors. In particular, the Company designs, manufactures and markets systems for the issuing of ID documents (ID cards, driving licenses, passports) and financial cards (debit cards, pre-paid cards, credit cards), the main customers for which are governmental and financial institutional worldwide (Italy accounted for 3% of 1H21 sales). Products incorporate the best security technologies and the EMV (Europay, Visa, Mastercard) standards providing interoperability between cards and payment terminals.

The company's core markets are niche ones, where Matica Fintec competes with few other players to supply the full product range including centralised and decentralised instant issuing solutions. The company operates out of its manufacturing plant at Galliate; its extensive distribution network (sales in over 100 countries, with 97% export sales) is a key asset, and includes 6 direct sales personnel, 3 distributors, and over 250 partners for sales and post-sale technical assistance.

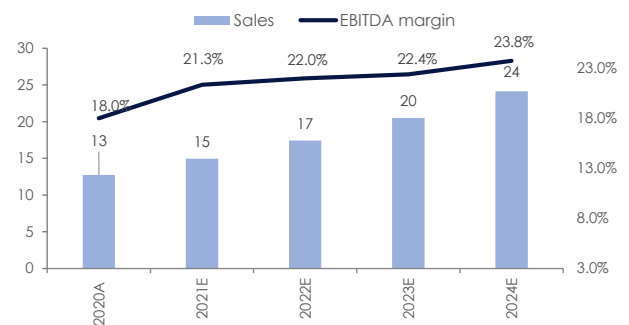
The business model is built on excellent operations management and the ability to develop and quickly integrate new technology, which is part of Matica Fintec's DNA (R&D employees account for 20% of the total workforce). After showing resilience during the pandemic, we think the group is now ready to return to its growth path driven by rising demand in the e-ID and digital payments markets. On our estimates, this should mean the company growing its sales by a +17% CAGR, EBITDA by a +21% CAGR, and net profit by a +39% CAGR over the next three years before considering potential M&A moves to accelerate growth.

Sales by product 2020



Source: Company data

Sales (Eu mn), EBITDA margin (%) 2020-2024E



Source: Company data, Intermonte SIM

### Exposed to growing digital ID and payments markets

**Digital Identity.** The e-ID documents market is growing steadily, which reflects countries' growing needs for identification documents (virtual and physical domains) that incorporate the best available security standards while containing as much information as possible about citizens (ID, passports, driving licences, migration documents, health cards, etc). In these markets, Matica Fintec operates as one of the few global players, with R&D efforts focused on durability and reliability requirements.

Confirming this trend, EU regulation 2019/1157, approved on 20 June 2019, grants member states two years to implement security features of identity cards aligned to those of passports. Microprocessor-based smart cards are seen by public institutions as the most secure authentication system for e-identity and for the protection of citizens' data. Moreover, microprocessor-based cards are increasingly being adopted for other documents such as passports, driving licences, access control, health cards, etc. Smart cards can also include sophisticated technologies such as biometric recognition modes, and EMV technology derived from payments. According to Acuity Market Intelligence, the number of Digital IDs in circulation will reach 3.6 billion citizens by 2021, with several years of sustained growth ahead as penetration of e-ID increases.

The latest data on the global ID card printer market released by Persistence Market Research shows that demand saw year-on-year growth of 3.7% in 2021, with sales volume reaching 687,000 units. Demand for high performance card printers grew 4% to total sales of ca. Usd3.7bn, while direct-to-card printers were up 2.8% to around Usd2bn. According to the same study, the market is expected to grow by 4.1% on average per year for the next ten years.

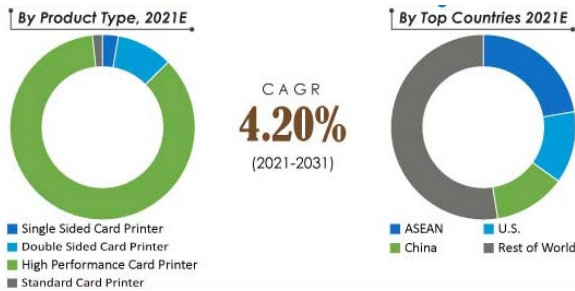
**Digital payments.** For financial cards, the arrival of the global pandemic has further accelerated the well-established trend away from cash, and contactless EMV payments have been recognised as a valuable tool for supporting social distancing measures. Card-based payments, both physical and digital, are therefore taking a greater share of transactions, meaning more EMV cards being issued, and cards being used more frequently, while the declining use of cash in every-day transactions has steadily increased the market for digital payment tools. The trend has been confirmed by Verified Market Research, 2018, which estimates the global financial smart card market growing at a 9.25% CAGR from \$3.6bn in 2018 to \$7.1bn in 2026. The close to double-digit growth trend is confirmed by other estimates (Cards and Payment market - Business Research Company 2020), according to which the global market for secure payments is estimated at Usd722bn in 2020 and Usd909bn in 2023 (+9.0% CAGR). Thales on EMVco data (May 2021) predicts the EMV payments card market accelerating to a CAGR of 7% during 2021-25. Data available from the European Central Bank shows that the total number of non-cash payments in the Euro area increased in 2020 by 3.7% in number and 8.7% in value, and the number of payment cards issued has risen by +6.5% to 609mn, equal to around 1.8 payment cards per inhabitants. These figures have risen steadily since 2000.

As a result, the market is experiencing a transition that sees classic payment cards with embossed characters and a magnetic band being replaced by flat cards with microchips issued on a centralised basis and equipped with increasingly technologically sophisticated systems (i.e. biometrics for authentication, storage of data related to the transaction itself, storage of other financial data, etc).

On the other hand, as consumers increasingly mix and match physical and digital cards, instant issuing plays a crucial role in meeting customers' expectations, driving banks to integrate in-branch instant card issuing into the entire issuing infrastructure that supports their card portfolio.

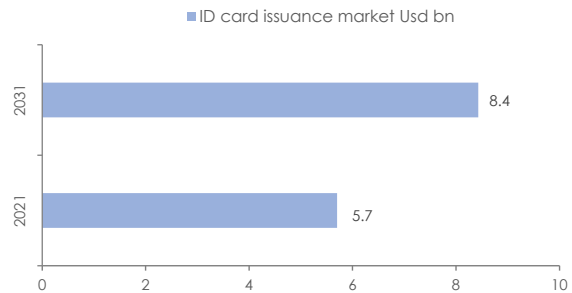
The above trends were the drivers that led Matica Fintec to focus its product development on financial instant issuing and high-speed centralised solutions with innovative printing technologies. Another niche in the financial sector that is experiencing strong growth is special applications, where Matica is strongly positioned thanks to its laser emission solutions.

Global ID card printer market by product type, region 2021



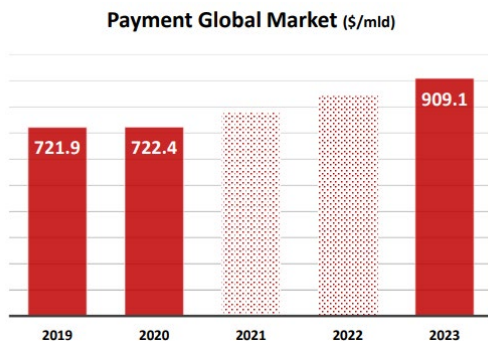
Source: Persistence Market Research 2021

Global ID card printer market 2021-31E Usd bn



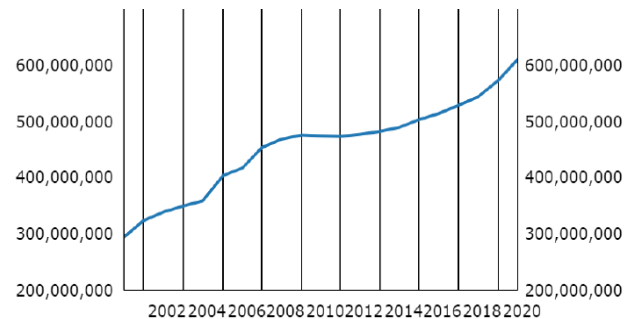
Source: Persistence Market Research 2021

Secure Payments, global market Usd mn



Source: Matica Fintec, The Business Research Company, 2020

Number of payments cards issued in Euro area 2000-2020



Source: European Central Bank, 2021

## Excellent operations management key driver of profitability

Operations management at its plant in Galliate (Novara) is key to understanding the company's business model, which involves the design of machines with a modular structure to manufacture large-volumes centralised systems as well as decentralised desktop solutions; an efficient cost structure driving double-digit margins; and efficient management of inventories driving EBITDA's conversion. This model enables quick scaling-up of volumes and provides flexibility for adapting production to customer requirements at low cost. This is reflected by a gross margin at ca. 60% in each semester since 2019, resulting in a high and resilient EBITDA margin (close to 20% even during the pandemic year).

## Strong R&D identity and technological positioning key levers of the business model

The other key pillar of the business model is the ability of Matica Fintec to develop and/or quickly integrate new technologies into its products. This capability is in the DNA of the company, which came into life as a spin-off of the R&D activities of the Matica Group. The recently announced introduction of the **Drop on Demand inkjet technology** (improving speed, quality, and durability) is an example of the technological character of the group, which invests ca. 10% of sales in R&D and employs 20% of its total workforce in R&D activities.

Experienced management and R&D enables the company to continue developing its product offering via customised and innovative solutions including systems for the insertion of personal data both inside the micro-processor and on the card, as well as proprietary software to interface with the systems of banks and public institutions, and compliant with EMV payment standards and best data processing safety standards.

Over the years, Matica Fintec has obtained 9 patents in the fields of embossing, data processing, high-performance laser modules, and others. An example of successful technology developed internally is the **Thermal Transfer technology combined with Laser marking**, which enables customisation in the body of the polycarbonate (fonts, text size, inclined and angled control patches, signature, barcode, secondary ghost photo) thus guaranteeing higher security. The system has a lamination patch (top layer) enabling the application of colour 3D holograms resistant to delamination, abrasion, bending (10-year duration). In addition to imprinting the colour, the sublimation process ensures it penetrates the lower layer (priming) making counterfeiting more complex while improving the quality of the image. Moreover, laser incision is performed on the card body, making it extremely difficult to counterfeit the card even if the other layers are removed.

## Strategic guidelines

The company intends to pursue its development and growth strategy according to the following strategic guidelines:

1. **M&A activity:** vertical and horizontal integration to strengthen the international presence in geographies of interest for the company, enriching the product offering, and enlarging its presence in the e-ID and digital payments value chains. This may involve companies operating in digital ID, PKI (Public Key Infrastructure, i.e. the bridge between physical and digital identity through the association of a cryptographic key enabling digital signing of e-government applications), EMV and transaction security software, and biometrics.
2. **Investments in development activities in order to keep up to speed with technological developments in core markets:** investments are aimed at consolidating the technological positioning of the company and its ability to continue innovating its product offering to support sales and preserve profitability thanks to the higher technological content of its products.
3. **Optimisation of the production process** while maintaining a high-quality positioning, customisation capabilities, and quick time-to-market for new solutions. The model is built on the design of the production process through the composition of standard modules, which provides flexibility in scaling-up volumes and adapting machines to customers' requirements. This enables high margins throughout the full product range (centralised and decentralised issuing) combined with efficient management of inventories.

### **FY21-24 estimates**

1H21 marked the start of the return to the pre-pandemic growth path, with sales growing +31% vs. 1H20 and 3% above 1H19, and the EBITDA margin back to 22% (EBITDA at Eu1.6mn, more than doubling YoY), and net profit of Eu0.6mn vs. a small profit in 1H20. We estimate the company will close FY21 with value of production of Eu15.0mn, EBITDA >Eu3.0mn, and net profit >Eu1mn. In the next three years, we expect Matica Fintec to grow revenues to Eu24mn (+17% CAGR), EBITDA to Eu5mn (+21% CAGR), and net profit to Eu3mn (+39% CAGR). This is before considering any potential M&A to accelerate growth.

### **Balance sheet**

In FY20, net invested capital was Eu9.8mn, including Eu6.0mn in fixed assets (intangible and development costs Eu5.5mn), Eu4.3mn working capital (inventories Eu3.5mn, receivables Eu3.2mn, payables and current liabilities -Eu2.4mn), and -Eu0.5mn in long term liabilities. Shareholders' equity was Eu7.6mn (78% of total sources) and adj. net debt including Eu1.7mn in tax liabilities was Eu2.1mn (22% of total sources). The company has the financial flexibility for acquisitions (>Eu7mn cash position, most of financial debt maturing in 2026-27). In our estimates, financial net debt would turn positive in 2022e. Our model assumes no dividend distribution.

### **Valuation**

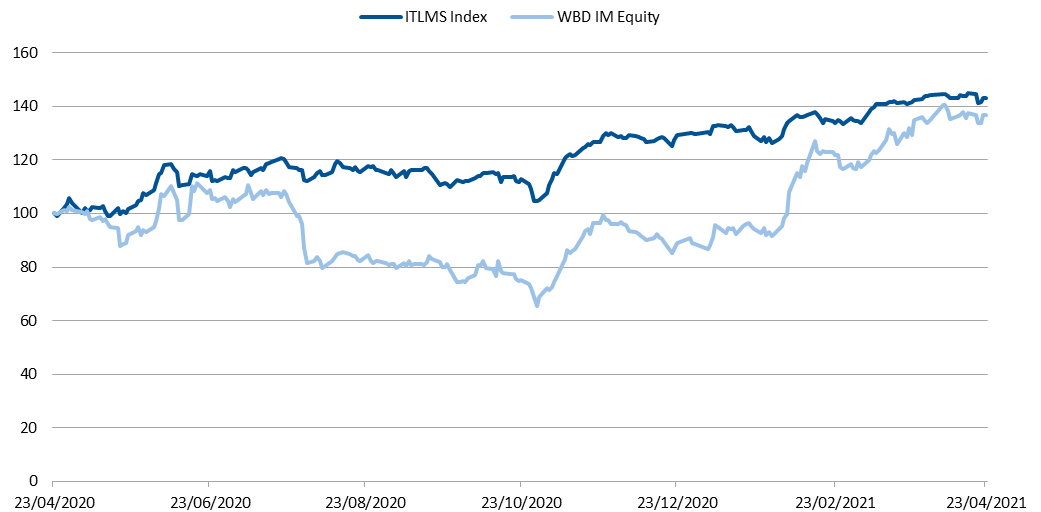
We use a DCF approach to estimate Matica Fintec's equity value. The valuation is made using a two-stage model, with explicit estimates for 2021-24E, a long-term growth rate of 3.0%, and a weighted average cost of capital of 8.5%. We derive an equity value of Eu39mn and set a TP of Eu3.50 based on fully diluted shares (i.e. assuming full conversion of warrants and the issuing of 403,000 shares, 3.7% of fully diluted shares).

## Valuation

Our TP of Eu3.5 per share is based on a DCF valuation of the business. At target, we value Matica Fintec 8x EV/EBITDA and 17.5x P/E FY23e, which we see as undemanding multiples in the light of its technological positioning in growing niche markets. Our valuation is based on fully diluted shares (i.e. assuming full conversion of warrants into 403,000 shares or 3.7% of total shares fully diluted).

Listed competitors include Zebra (estimated 20% of sales in Matica's core markets), which trades at 18x EV/EBITDA and 25x P/E FY23e, Muhlbauer, and Evolis (consensus estimates not available).

### Matica Fintec vs. FTSE Italia All Shares 1 year, rebased



Source: Facset

### Matica Fintec trading multiples – current price and TP

Multiples (current price)	2019A	2020A	2021E	2022E	2023E	2024E
Mkt Cap EURmn	20.39	15.45	22.17	22.17	22.17	22.17
EV/SALES	1.5x	1.4x	1.6x	1.3x	1.1x	0.8x
EV/EBITDA	6.8x	8.1x	7.9x	6.3x	5.0x	3.7x
EV/EBIT	33.4x	32.5x	13.8x	9.7x	7.0x	4.8x
P/E	198.1x	188.5x	20.6x	14.4x	10.6x	7.8x
FCF YIELD %	-2.7%	-5.1%	2.1%	3.1%	5.2%	9.2%
Multiples (target price)	2019A	2020A	2021E	2022E	2023E	2024E
Mkt cap target Eurn	36.8	36.8	36.8	36.8	36.8	36.8
EV/SALES	2.5x	3.1x	2.6x	2.2x	1.8x	1.4x
EV/EBITDA	12.0x	18.0x	12.7x	10.3x	8.4x	6.4x
EV/EBIT	58.5x	71.9x	22.2x	15.8x	11.7x	8.2x
P/E	357.4x	448.9x	34.2x	23.9x	17.5x	12.9x
FCF YIELD %	-1.5%	-2.1%	1.3%	1.8%	3.1%	5.5%

Source: Intermonte Sim

### Market multiples

	Last price Eu	Mkt Cap	EV/SALES			EV/EBITDA			EV/EBIT			P/E		
			2021E	2022E	2023E	2021E	2022E	2023E	2021E	2022E	2023E	2021E	2022E	2023E
Matica Fintec @ TP Eu3.5	3.50	37	2.6 x	2.2 x	1.8 x	12.7 x	10.3 x	8.4 x	22.2 x	15.8 x	11.7 x	34.2 x	23.9 x	17.5 x
Matica Fintec	2.11	22	1.6 x	1.3 x	1.1 x	7.9 x	6.3 x	5.0 x	13.8 x	9.7 x	7.0 x	20.6 x	14.4 x	10.6 x
Muhlbauer Holding AG & Co. KGaA	57.5	845												
Evolis SA	28.4	148												
Zebra Technologies Corporation Class A	452.5	24165	5.2 x	4.8 x	4.4 x	22.8 x	20.6 x	18.1 x	24.2 x	22.9 x	20.1 x	30.0 x	27.8 x	24.8 x
Datalogic S.p.A.	17.1	1001	1.8 x	1.6 x	1.5 x	11.4 x	10.2 x	9.1 x	19.4 x	14.7 x	12.8 x	23.2 x	20.0 x	17.9

Source: Facset, Intermonte Sim

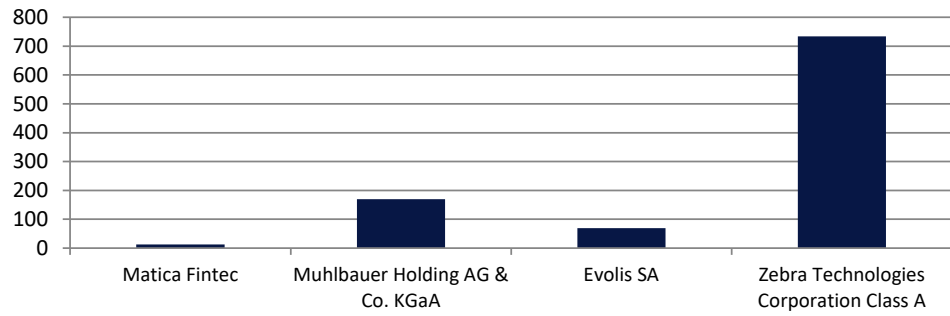


### Stock performance

	Mkt. Cap. (Eur mn)	Performance						
		-1m	-3m	-6m	YtD	-1y	-2y	-3y
<b>Matica Fintec SpA</b>	<b>22</b>	<b>19%</b>	<b>41%</b>	<b>44%</b>	<b>50%</b>	<b>57%</b>		
Muhlbauer Holding AG & Co. KGaA	845	1%	29%	42%	47%	45%	54%	49%
Evolis SA	148	-5%	-5%	-5%	-5%	-5%	-5%	14%
Zebra Technologies Corporation Class A	24,165	-4%	2%	9%	44%	82%	148%	215%
FTSE Italia All-Share		6%	10%	11%	21%	37%	20%	39%

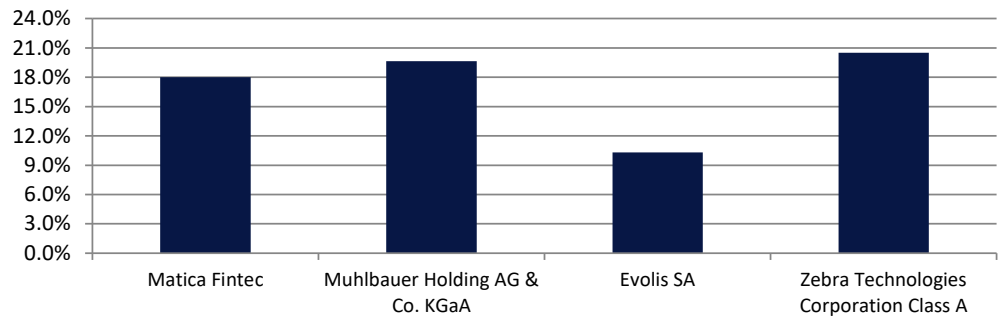
Source: Facset

### Revenues (Matica Fintec's core markets), FY20 Eu mn



Source: Intermonte Sim

### EBITDA margin 2020 %



Source: Intermonte Sim

## DCF Model

We use a DCF approach to estimate Matica Fintec's equity value. The valuation is made using our estimates for a two-stage model, with explicit estimates for 2021-24E, a long-term growth rate of 3.0%, cost of equity of 8.75%, and a weighted average cost of capital of 8.5% (80% equity weighting).

The fair value of equity is calculated by subtracting from the estimated EV (Eu40mn) the YE21 financial net debt of Eu0.44mn, Eu1.6mn for tax liabilities, and adding the cash-in (Eu0.8mn). We assume fully diluted shares.

### DCF valuation

(Eu mn)	2021E	2022E	2023E	2024E	TV
Revenues	14.9	17.4	20.5	24.1	24.9
YoY Growth	17%	17%	18%	18%	3.0%
EBITDA	3.0	3.7	4.4	5.4	5.5
margin %	20.3%	21.1%	21.4%	22.4%	22.0%
D&A	(1.3)	(1.3)	(1.3)	(1.2)	(1.2)
EBIT	1.7	2.4	3.1	4.2	4.3
Taxes	(0.4)	(0.6)	(0.9)	(1.2)	(1.3)
tax rate	-23.1%	-25.9%	-27.4%	-28.1%	-30.0%
<b>NOPAT</b>	<b>1.3</b>	<b>1.8</b>	<b>2.3</b>	<b>3.0</b>	<b>3.0</b>
Change in WC	0.0	0.0	0.0	0.0	0.0
Capex	(1.5)	(1.5)	(1.5)	(1.5)	(1.5)
Capex/Sales	9.7%	8.6%	7.3%	6.2%	-6.0%
<b>FCF</b>	<b>1.2</b>	<b>1.6</b>	<b>2.0</b>	<b>2.7</b>	<b>2.7</b>
<b>TV</b>					<b>49.0</b>
<b>EV (NPV of 2022-24 FCF and terminal value)</b>	<b>40.0</b>				
Net financial position (YE21)	(0.44)				
Other Liabilities	(1.67)				
Other adjusts. (warrant conversion)	0.83				
<b>Fair value of Equity</b>	<b>38.7</b>				
N. of shares fully diluted (mn)	10.91				
<b>Fair value per share (Eu)</b>	<b>3.5</b>				

Source: Intermonte Sim

## Shareholding structure

Matica Fintec's share capital is composed of 10.51mn shares. The main shareholder is Matica AG, which owns 62% of Matica Fintec and is indirectly controlled by company chairman Sandro Camilleri (intercompany sales with the Matica group were Eu1mn in FY20). Treasury shares are 0.15mn (1.4%), 37% is free float.

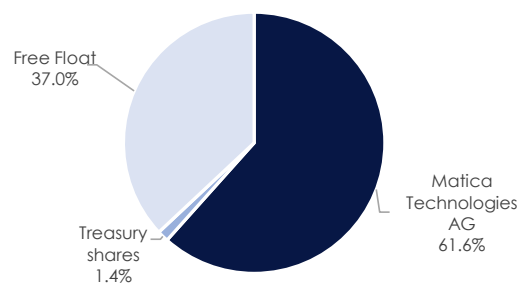
The company, established in 2017 as a spin-off of the R&D division of Matica Technologies, was IPOed on the AIM Italia in November 2019 at Eu1.8 per share (Eu19mn market cap). As part of the listing transaction, 4.03mn warrants were issued based on an exchange ratio of 10 warrants for 1 share. The warrants expire in November 2022. Exercise prices were set at Eu2.069 per share (November 2021 window) and Eu2.276 per share (November 2022 window).

### Shareholding, warrants outstanding

	Shares (m)	% Ownership
Matica Technologies AG	6.47	61.6%
Treasury shares	0.15	1.4%
Free Float	4.03	37.0%
<b>Number of shares (m)</b>	<b>10.51</b>	<b>100.0%</b>
<b>Warrant</b>		
Warrant outstanding mn	4.03	
exchange ratio	10 warrants: 1 share	
Max shares to issue mn	0.40	
<b>Shares fully diluted</b>	<b>10.9</b>	
New shares on total fully diluted s	3.7%	
Exercise period	Strike price	Cash-in - Eu mn
15-30/11/2021	2.069	0.8
15-30/11/2022	2.276	0.9

Source: Company data, Intermonte Sim estimates

### Shareholding structure



Source: Company data

## Governance and key managers

The Board of Directors was appointed in September 2019 and its term will end on approval of the FY21 financial statements. It consists of 5 members (Sandro Camilleri, Chairman; Gabriella Minerva, General Manager; Pietro Broggian, Operations Director; Massimo Pegoraro, Technical Director; Gigliola Falvo, independent).

### **Sandro Camilleri – Chairman**

Sandro Camilleri has a degree in Business Administration and Finance from the European Business School in London, and attended a post-graduate course specialising in Mergers and Acquisitions at Wharton University of Philadelphia. Over the last ten years, Mr. Camilleri has gained extensive knowledge of the Secure ID and Payment industry via significant “hands on” international business experience in Europe, the Middle East and Asia. He is founder and President of Matica Fintec S.p.A.

### **Gabriella Minerva – General Manager**

Gabriella Minerva has a degree in Business Administration and Finance from the Bocconi University in Milan.

- 1990 to 2001, CFO at Air Europe
- 2001 to 2004, CFO and HR Manager at companies belonging to the Luxottica Group
- 2004 to 2013, Chief Corporate Officer (Administration, HR, Purchasing and Legal Affairs) at Air Italy
- 2013 to 2017, Managing Director and member of the Board of Directors at Trawell, a company listed on the AIM Italia stock exchange market
- In 2018 she joined Matica Fintec family as General Manager and member of the Board of Directors.

### **Pietro Broggian – Operations Director**

Pietro Broggian has a degree in Engineering of Industrial Technologies with specialization in Production Systems from the Polytechnic University of Milan.

- 1997 to 2000, controller at the primary aluminium division in Alcoa
- 2000 to 2002, manager of Team Planning and Economic Analysis at Vodafone Italia
- 2002 to 2017, Broggian Diffusione S.p.A., which operates on the jewellery market, where he gained experience in extraordinary finance operations, planning and control
- In 2019 he joined Matica Fintec family as Operations Director and member of the Board of Directors.

### **Massimo Pegoraro – Technical Director**

Massimo Pegoraro graduated as a Technician Engineer in Electrical Engineering. From 1982 to 1992 he was a technician for plastic card embossing machines for the Italian market at FIMA

- From 1992 to 1998 he worked as International Technical Support Manager at CIM, a producer of plastic card personalisation systems
- Since 1998 he has worked for Matica in various positions as Director, from R&D to TCC and the Technical Department.

## Company Profile

Matica Fintec (registered as an innovative SME with the Ministry of Economic Development) competes globally as a supplier of technological solutions for the digital payment and e-ID sectors. In particular, the Company designs, manufactures and markets systems for the issuing of ID documents (ID cards, driving licenses, passports) and financial cards (debit cards, pre-paid cards, credit cards), whose main customers are governmental and financial institutional worldwide (Italy accounted for 3% of 1H21 sales). Matica Fintec's extensive distribution network (sales in over 100 countries, with 97% export sales) is a key asset, and includes direct sales resources, 3 distributors, and over 250 partners for sales and post-sale technical assistance.

The company was established in 2017 as a spin-off of the R&D division of Matica Technologies AG (previously created as a JV between Matica Group and Eloane) into the Italian commercial arm of the Matica Group. The company was listed on the AIM Italia in November 2019 at Eu1.8 per share. The main shareholder is Matica AG, which owns 62% of Matica Fintec and is indirectly controlled by the company's chairman, Sandro Camilleri. Matica Fintec is headquartered in Milan and has its production facility at Galliate (Piedmont) from which it sells products worldwide. The company employs 52, of which 20% in R&D. According to our estimates, in FY21 it will generate value of production of Eu15mn vs. Eu12.7mn in FY20, EBITDA >Eu3.0mn (margin at 21.3%), and net profit >Eu1.0mn.

## Product Portfolio

Matica Fintec offers a comprehensive range of solutions which include centralised/decentralized instant digital printing services and software integration with clients' IT systems. Over the years, the company has added sophisticated technological solutions (biometric security, laser impressions, and holographic printing) to its product offering, accelerating Matica's transition towards a value-added technology solution provider.

Matica's operations are mainly focused on 3 product lines:

- I. **Central Issuing** (56% of FY20 sales) provides centralised, high-speed and high-volume issuing systems for cards (IDs, passports, and payment cards), including user-friendly software services for customisation of card layout. This product line covers three alternative solutions (S5000, S6200 and S7000) which provide personalised services in terms of both issuing volumes and technical features of cards. All the solutions comply with the high security standards requested by clients.
- II. **Financial Instant Issuing** (19% of FY20 sales) offers sophisticated solutions for low-volume issuing of cards at local level, such as in-branch desktop issuing. This product line serves the issuing of payment/ID cards and provides efficient system integration with clients' financial software and online platforms.
- III. **Consumables and Spare Parts** (accounts for 25% of FY20 sales): the company is also active in post-sales services, such as the commercialisation of components and spare parts for the installation of the operating systems.

### Centralised Issuing



**S5200 Line**  
Central Issuance for mid volume production

S5200LX S5200E S5200G



**S6200 Line**  
Central Issuance for mid volume production

S6200LX S6200GG S6200GE S6200E



**S7000 Line**  
Central Issuance for mid volume production

S7000



**Mailing Systems**  
Central Issuance for mid volume production

MS1000

Source: Matica Fintec

### Decentralised Issuing and Desktop Solutions



S3000 Line  
Desktop solution

S3600 S3500 S3300e S3200



Consumables  
Desktop solution

Genuine Instant Issuance Printer Consumables  
Cards

Source: Matica Fintec

### Special Solutions



Metal plate Embosser  
Special solutions

C330 C410



Kiosk Systems  
Special solutions

K3 Kiosk Card Printer



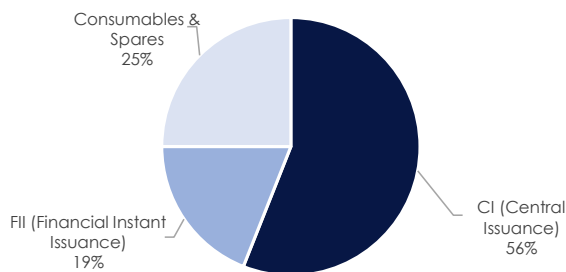
MSPI  
Special solutions

Source: Matica Fintec

### International Presence

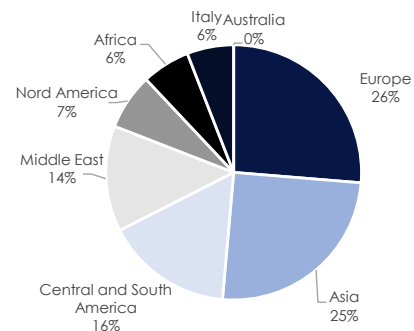
The company operates out of its manufacturing plant at Galliate; its extensive distribution network (sales in over 100 countries, with 97% export sales) is a key asset, and includes 6 direct sales personnel, 3 distributors, and over 250 partners for sales and post-sale technical assistance.

#### Sales by product 2020



Source: Company data, Intermonte Sim estimates

#### Sales by geography 2020



Source: Company data

## Business model

The company has a workforce of around 50, 20% of whom are R&D technicians. The business model enables oversight of the entire value chain, maintaining a constant commercial focus on the entire business perimeter, ensuring effective supervision of the quality of solutions and a high level of customer satisfaction. This model aims to implement state-of-the-art technological solutions in such a manner as to maintain a competitive advantage in terms of time to market compared to the competition.

The commercial strategy varies by type of customer. In the markets of solutions for the **financial sector**, sophisticated and high-performing products are directly to clients or to system integrators, while decentralised issuance solutions are generally sold directly to end-users (financial institutions). As for the **government sector**, sales (both centralized and decentralized issuance systems) are made directly to public institutions (Ministries, Printing Institutes) based on customer's specific requirements. Moreover, sales are made through the participation in public tenders, including systems and recurring consumables sales.

### ■ R&D

Through intense R&D investment activity Matica continues to develop its product offering and to adapt its operating systems to the most sophisticated needs of customers. R&D operations are handled in house by a team of technical experts (20% of total workforce) for the development of new products and the improvement of existing services.

### ■ Assembly & quality control

The company has adopted a modular system approach in order to optimise customisation of its products and guarantee prompt and timely deliveries to market. Right after the assembly phase, all systems are subject to strict quality control to ensure the best possible performance in service.

### ■ Marketing and commercial network

Marketing and sales activities are coordinated by a global commercial network composed of (i) salespersons in charge of direct customer relationships in 5 geographical areas (Southern Africa, Europe/Russia, Dubai/Middle East/Africa, India, South Asia); (ii) vendors in charge of indirect sales in the USA and China.

### ■ Post-sales assistance

Post-sales activities cover (i) training and assistance on all the operative systems; (ii) customised consultancy services on the best possible technology for adoption by the client; (iii) sales of spare parts and consumables, which provide an additional revenue stream.

## Core markets

Matica Fintech operates in the digital identity (ID cards, passports, driving licenses) and digital payment (credit and debit cards) markets by serving system integrators, governmental and financial institutions.

**Digital Identity market.** The e-ID documents market is growing steadily. This reflects countries' growing needs for identification documents (virtual and physical domains) that incorporate the best available security standards while containing as much information about citizens as possible (ID, passports, driving licences, migration documents, health cards, etc). The adoption of digital tools to guarantee safer identity documents represents a strategic opportunity for governmental institutions in response to major criminal acts (identity theft and terrorist attacks). The need for safer identity management has led to continuous development of advanced solutions, such as biometric technologies for facial and fingerprint recognition. According to "The Global Biometric Systems Market 2015-2025", global public spending for biometric technologies will grow from \$5.2bn in 2017 to \$10.2bn in 2025.

Confirming this trend, EU regulation 2019/1157 approved on 20 June 2019, grants its member states two years to implement the security features of identity cards aligned to those for passports. Microprocessor-based smart cards are seen by public institutions as the most secure authentication system for e-identity and protection of citizens' data. Moreover, microprocessor-based cards are increasingly being adopted for other documents such as passports, driving licenses, access control, health cards, etc. Smart cards can also include sophisticated technologies such as biometric recognition modes, and EMV technology derived from payments. According to Acuity Market Intelligence, the number of Digital IDs in circulation will reach 3.6 billion citizens by 2021, with several years of sustained growth ahead as penetration of e-ID increases.

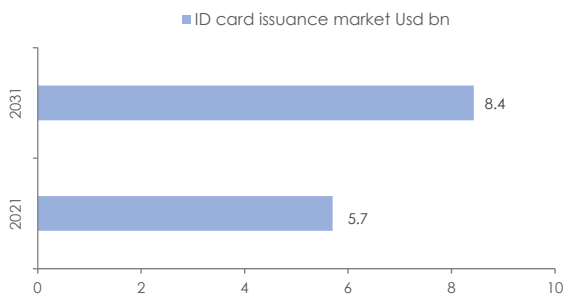
Latest data on the global ID card printer market released by Persistence Market Research shows that demand recorded year-on-year growth of 3.7% in 2021, with sales volume reaching 687,000 units. Demand for high performance card printers grew 4% to total sales of ca. Usd3.7bn, while direct-to-card printers were up 2.8% to around Usd2bn. According to the same study, the market is expected to grow by 4.1% on average per year over the next ten years.

**Digital payments market.** For financial cards, the arrival of the global pandemic has further accelerated the well-established trend away from cash. Card-based payments, both physical and digital, are therefore taking a greater share of transactions and the declining usage of cash in every-day transaction has steadily boosted the market for digital payment tools. The trend is confirmed by Verified Market Research in 2018, which estimated the global financial smart card market growing at a 9.25% CAGR from \$3.6bn in 2018 to \$7.1bn in 2026. The close to double-digit growth trend is confirmed by other estimates (Cards and Payment market - Business Research Company 2020), according to which the global market for secure payments is estimated at Usd722bn in 2020 and Usd909bn in 2023 (+9.0% CAGR). Thales on EMVco data (May 2021) predicts the EMV payments card market will accelerate at a 7% CAGR during 2021-25. Data available from the European Central Bank shows that the total number of non-cash payment in the Euro area increased in 2020 by 3.7% in number and 8.7% in value, and the number of payment cards issued has risen by +6.5% to 609mn, equal to around 1.8 payment cards per inhabitant. These figures have risen steadily since 2000.

As a result, the market is experiencing a transition that sees classic payment cards with embossed characters and a magnetic band being replaced by flat cards with microchips issued at centralised level and equipped with increasingly technologically sophisticated systems (i.e. biometrics for authentication, storage of data related to the transaction itself, storage of other financial data, etc).

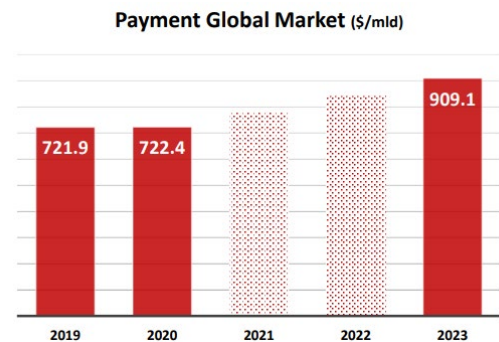
On the other hand, as consumers increasingly mix and match physical and digital cards, instant issuing plays a crucial role in meeting customers' expectations, prompting banks to incorporate in-branch instant card issuing as part of the entire issuing infrastructure that supports their card portfolio.

**Global ID card printer market 2021-31E Usd bn**



Source: Persistence Market Research

**Secure Payments global market Usd mn**



Source: Matica Fintec, The Business Research Company

### Competitive positioning

The competitive landscape in which the Company operates is relatively concentrated, with few global players and some minor local competitors. Entrust Datacard, HID and Matica Fintech are the only companies worldwide that offer a complete proprietary range of centralised and decentralised issuing systems and solutions. Other competitors include Muhlbauer, Evolis, and Zebra.

#### Key competitors

Competitor	Country	Activity	Sales 2020 Eu mn	Sales core 2020 Eu mn	EBITDA margin 2020 %
Matica Fintec	IT	- Desktop solutions (ID and Financial cards) - Centralized solutions (ID and Financial cards)	13	13	18%
Muhlbauer	DE	- ID Solutions - Centralized solutions (ID and Financial cards)	283	170	20%
Zebra Technologies	US	- Desktop and Barcode Solutions	3672	734	21%
Evolis S.A.	FR	- Desktop Solutions (Financial cards)	69	69	10%
HID Global Corporation	DE	- Desktop solutions (ID and Financial cards) - Centralized solutions (ID and passports)	NA	NA	NA
Entrust Datacard Corporation	DE/US	- Centralized Solutions - Desktop Solutions (Financial cards)	NA	NA	NA

Source: Company data, Intermonte Sim estimates



## Earnings model FY21-24e

### 1H21 results

1H21 marked that start of the return to the pre-pandemic growth path, with sales growing to Eu7.1mn, +31% vs. 1H20 (Eu5.4mn) and 3% above 1H19. EBITDA at Eu1.6mn more than doubled YoY with the EBITDA margin at 22% vs. 13% in 1H20. EBIT was Eu1.0mn vs. a small loss in 1H20 and Eu0.4mn in 1H19, with net profit at Eu0.6mn vs. around breakeven in both 1H20 and 1H19. Net debt including tax liabilities at Eu1.8mn improved by Eu0.3mn vs. December 2020.

### FY21-24 estimates

We estimate the company will close FY21 with value of production of Eu15.0mn, EBITDA >Eu3.0mn, and net profit >Eu1mn. In the next three years, we expect Matica Fintec to achieve

- revenues of Eu24mn (+17% CAGR21-24e) driven by growing demand in core markets, new product/technology offering, and an increase in spares and consumables reflecting the growing installed base
- EBITDA of Eu5mn (+21% CAGR21-24e), with the margin at 22.4% on average over the period
- EBIT of Eu4.2mn (+34% CAGR2021-24e) with the margin reaching 18% in 2024e, partially reflecting the decrease in the amortisation of intangibles
- Net profit of Eu2.8mn (+39% CAGR21.24e)
- Operating working capital absorbing Eu2mn in the 2021-24e period, remaining broadly stable as a percentage of sales at ca. 30%
- Cumulative CapEx of Eu6.0m over the 2021-24e period (Eu1.5mn avg. a year)
- Adjusted NFP including tax liabilities turning positive in 2023e with net cash above Eu2mn assuming no dividend payout or acquisitions

#### Key data FY20-24e

Eu mn	2020A	2021E	2022E	2023E	2024E
<b>Value of production</b>	<b>12.74</b>	<b>14.95</b>	<b>17.43</b>	<b>20.50</b>	<b>24.13</b>
growth %	-14.9%	18.2%	17.5%	17.5%	16.0%
<b>EBITDA</b>	<b>2.16</b>	<b>3.03</b>	<b>3.67</b>	<b>4.39</b>	<b>5.40</b>
growth %	-31.9%	40.0%	21.1%	19.6%	23.0%
margin %	18.0%	21.3%	22.0%	22.4%	23.8%
<b>EBIT</b>	<b>0.54</b>	<b>1.73</b>	<b>2.39</b>	<b>3.14</b>	<b>4.20</b>
growth %	-16.9%	219.8%	38.2%	31.4%	33.8%
margin %	4.5%	12.2%	14.3%	16.0%	18.5%
<b>Net Profit</b>	<b>0.05</b>	<b>1.06</b>	<b>1.52</b>	<b>2.06</b>	<b>2.82</b>
growth %	-83.6%	2001.8%	43.4%	35.5%	36.9%
Financial Net Debt / (Cash)	0.44	0.25	-0.08	-0.91	-2.63
Other financial liabilities	1.67	1.45	1.10	0.80	0.50
<b>Adj. net debt</b>	<b>2.12</b>	<b>1.70</b>	<b>1.02</b>	<b>-0.11</b>	<b>-2.13</b>
EPS	0.00	0.10	0.15	0.20	0.27
BVPS	0.73	0.84	0.99	1.19	1.46
Adj. Net Debt/EBITDA	1.0x	0.6x	0.3x	0.0x	-0.4x

Source: Intermonte SIM

## Financials

### Profit & Loss

Eu mn	2019A	2020A	2021E	2022E	2023E	2024E
Sales	14.32	12.01	14.20	16.68	19.60	22.73
Capitalized works	0.65	0.73	0.75	0.75	0.90	1.40
<b>Value of production</b>	<b>14.97</b>	<b>12.74</b>	<b>14.95</b>	<b>17.43</b>	<b>20.50</b>	<b>24.13</b>
growth %	7.0%	-14.9%	18.2%	17.5%	17.5%	16.0%
COGS	-6.10	-5.23	-6.20	-7.22	-8.46	-9.82
<b>Gross Profit</b>	<b>8.87</b>	<b>7.51</b>	<b>8.74</b>	<b>10.21</b>	<b>12.04</b>	<b>14.32</b>
margin %	59.2%	58.9%	58.5%	58.6%	58.7%	59.3%
Services	-2.24	-1.96	-2.20	-2.60	-2.98	-3.43
on sales %	15.6%	16.3%	15.5%	15.6%	15.2%	15.1%
Labour cost	-3.14	-3.06	-3.22	-3.69	-4.37	-5.19
on sales %	21.9%	25.5%	22.7%	22.1%	22.3%	22.8%
G&A	-0.25	-0.25	-0.22	-0.22	-0.23	-0.23
Others	-0.07	-0.07	-0.07	-0.07	-0.07	-0.07
Total operating costs	-5.69	-5.34	-5.71	-6.54	-7.65	-8.92
<b>EBITDA</b>	<b>3.18</b>	<b>2.16</b>	<b>3.03</b>	<b>3.67</b>	<b>4.39</b>	<b>5.40</b>
growth %	40.3%	-31.9%	40.0%	21.1%	19.6%	23.0%
margin %	22.2%	18.0%	21.3%	22.0%	22.4%	23.8%
D&A	-2.45	-1.53	-1.30	-1.28	-1.25	-1.20
Provisions and others	-0.08	-0.09	0.00	0.00	0.00	0.00
D&A and others	-2.53	-1.62	-1.30	-1.28	-1.25	-1.20
<b>EBIT</b>	<b>0.65</b>	<b>0.54</b>	<b>1.73</b>	<b>2.39</b>	<b>3.14</b>	<b>4.20</b>
growth %	n.m.	-16.9%	219.8%	38.2%	31.4%	33.8%
margin %	4.5%	4.5%	12.2%	14.3%	16.0%	18.5%
Financial Income	0.08	0.08	0.05	0.05	0.05	0.05
Financial expensens	-0.35	-0.37	-0.32	-0.30	-0.27	-0.25
Total financial income/(costs)	-0.27	-0.29	-0.27	-0.25	-0.22	-0.20
Extraordinaries	0.29	-0.05	0.00	0.00	0.00	0.00
Profit Before Tax	0.68	0.20	1.46	2.14	2.92	4.00
Taxes	-0.37	-0.15	-0.40	-0.62	-0.86	-1.18
tax rate%	54.8%	74.9%	27.4%	29.0%	29.5%	29.5%
Minorities	0.00	0.00	0.00	0.00	0.00	0.00
<b>Net Profit</b>	<b>0.31</b>	<b>0.05</b>	<b>1.06</b>	<b>1.52</b>	<b>2.06</b>	<b>2.82</b>
growth %	-133.0%	-83.6%	2001.8%	43.4%	35.5%	36.9%
One-off income/(costs)	0.21	-0.03	0.00	0.00	0.00	0.00
Adj. Net Profit	0.10	0.08	1.06	1.52	2.06	2.82
growth %	-112.3%	-20.4%	1193.7%	43.4%	35.5%	36.9%
<b>Data per share</b>	<b>2019A</b>	<b>2020A</b>	<b>2021E</b>	<b>2022E</b>	<b>2023E</b>	<b>2024E</b>
Number of shares m	492.2	10.5	10.5	10.5	10.5	10.5
Treasury shares	0.0	0.0	0.1	0.1	0.1	0.1
Shares net of treasury shares	10.5	10.5	10.4	10.4	10.4	10.4
EPS reported	0.03	0.00	0.10	0.15	0.20	0.27
EPS Adj.	0.01	0.01	0.10	0.15	0.20	0.27
DPS	0.00	0.00	0.00	0.00	0.00	0.00
FCF per share	-0.05	-0.08	0.04	0.07	0.11	0.19
BVPS	0.71	0.73	0.84	0.99	1.19	1.46

Source: Intermonte SIM

## Balance Sheet

Eu mn	2019A	2020A	2021E	2022E	2023E	2024E
Intangible Assets	5.27	5.49	5.49	5.49	5.49	5.49
Tangible Assets	0.69	0.52	0.67	0.89	1.14	1.44
Financial investment	0.04	0.04	0.04	0.04	0.04	0.04
Tax assets	0.37	0.31	0.31	0.31	0.31	0.31
Employee benefit obligations	-0.40	-0.48	-0.49	-0.49	-0.50	-0.50
Others non current assets/liabilities	-0.01	0.14	0.14	0.14	0.14	0.14
<b>Total Fixed Assets</b>	<b>5.96</b>	<b>6.02</b>	<b>6.16</b>	<b>6.38</b>	<b>6.62</b>	<b>6.92</b>
Inventories	3.01	3.51	3.73	3.92	4.15	4.50
Trade Receivables	2.59	3.25	3.32	3.49	3.58	3.71
Trade Payable	-2.44	-1.80	-1.63	-1.37	-1.01	-0.99
Other current assets/liabilities	0.16	-0.64	-0.64	-0.64	-0.64	-0.64
Net Working Capital	3.32	4.33	4.78	5.40	6.08	6.58
Provisions and long term liabilities	-0.47	-0.57	-0.57	-0.57	-0.57	-0.57
<b>Invested Capital</b>	<b>8.81</b>	<b>9.77</b>	<b>10.41</b>	<b>11.25</b>	<b>12.18</b>	<b>12.98</b>
Minorities	0.00	0.00	0.00	0.00	0.00	0.00
Shareholders equity	7.48	7.65	8.71	10.23	12.29	15.11
<b>Shareholder funds</b>	<b>7.48</b>	<b>7.65</b>	<b>8.71</b>	<b>10.23</b>	<b>12.29</b>	<b>15.11</b>
Cash	-5.55	-7.36	-7.56	-7.89	-8.72	-10.44
Financial Net Debt / (Cash)	-0.73	0.44	0.25	-0.08	-0.91	-2.63
Other financial liabilities	2.06	1.67	1.45	1.10	0.80	0.50
<b>Adj. net debt</b>	<b>1.33</b>	<b>2.12</b>	<b>1.70</b>	<b>1.02</b>	<b>-0.11</b>	<b>-2.13</b>
<b>Total Sources</b>	<b>8.81</b>	<b>9.77</b>	<b>10.41</b>	<b>11.25</b>	<b>12.18</b>	<b>12.98</b>
ROE	1.4%	1.1%	13.0%	16.0%	18.3%	20.6%
ROIC	5.2%	4.1%	12.0%	15.4%	18.8%	23.4%

Source: Intermonte SIM

## Cash Flow

Eu mn	2019A	2020A	2021E	2022E	2023E	2024E
EBIT	0.65	0.54	1.73	2.39	3.14	4.20
D&A and others	2.53	1.62	1.30	1.28	1.25	1.20
Cash flow from operations	3.18	2.16	3.03	3.67	4.39	5.40
Change in Net Working Capital	-1.66	-1.63	-0.45	-0.62	-0.68	-0.50
Capex	-1.05	-1.59	-1.45	-1.50	-1.50	-1.50
Taxes	-0.33	-0.28	-0.40	-0.62	-0.86	-1.18
Interests and others	-0.69	0.54	-0.27	-0.25	-0.22	-0.20
<b>FCF</b>	<b>-0.55</b>	<b>-0.79</b>	<b>0.46</b>	<b>0.68</b>	<b>1.13</b>	<b>2.02</b>
Acquisitions & Disposals	0.00	0.00	0.00	0.00	0.00	0.00
Dividends	0.00	0.00	0.00	0.00	0.00	0.00
Change in equity	5.07	0.00	0.00	0.00	0.00	0.00
Others	0.00	0.00	-0.04	0.00	0.00	0.00
Increase/(decrease) in adjs.net debt	-4.52	0.79	-0.42	-0.68	-1.13	-2.02
Adj. net debt beginning of the year	5.85	1.33	2.12	1.70	1.02	-0.11
<b>Adj. net debt end of the year</b>	<b>1.33</b>	<b>2.12</b>	<b>1.70</b>	<b>1.02</b>	<b>-0.11</b>	<b>-2.13</b>
Adj. Net Debt/EBITDA	0.4x	1.0x	0.6x	0.3x	0.0x	-0.4x
Debt/Equity	0.18	0.28	0.19	0.10	-0.01	-0.14

Source: Intermonte SIM

DETAILS ON STOCKS RECOMMENDATION			
Stock NAME	MATICA FINTEC		
Current Recomm:	BUY	Previous Recomm:	--
Current Target (Eu):	3.50	Previous Target (Eu):	--
Current Price (Eu):	2.11	Previous Price (Eu):	--
Date of report:	21/10/2021	Date of last report:	--

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- Comparison with market peers, using the most appropriate methods for the individual company analysed: among the main ratios used for industrial sectors are price/earnings (P/E), EV/EBITDA, EV/EBIT, price/sales.
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- For the utilities sector comparisons are made between expected returns and the return on the regulatory asset base (RAB)

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UNDERPERFORM: stock expected to underperform the market by between -10% and -25% over a 12 month period;

SELL: stock expected to underperform the market by over 25% over a 12 month period.

Prices: The prices reported in the research refer to the price at the close of the previous day of trading

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OUTPERFORM:	52,89 %
NEUTRAL:	25,62 %
UNDERPERFORM	04,13 %
SELL:	00,00 %

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OUTPERFORM:	49,09 %
NEUTRAL:	20,00 %
UNDERPERFORM	00,00 %
SELL:	00,00 %

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IKF	0,57	SHORT
OLIDATA	0,74	SHORT

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