



Matica Fintec S.p.A. Next Gems Conference

Sandro Camilleri - CEO

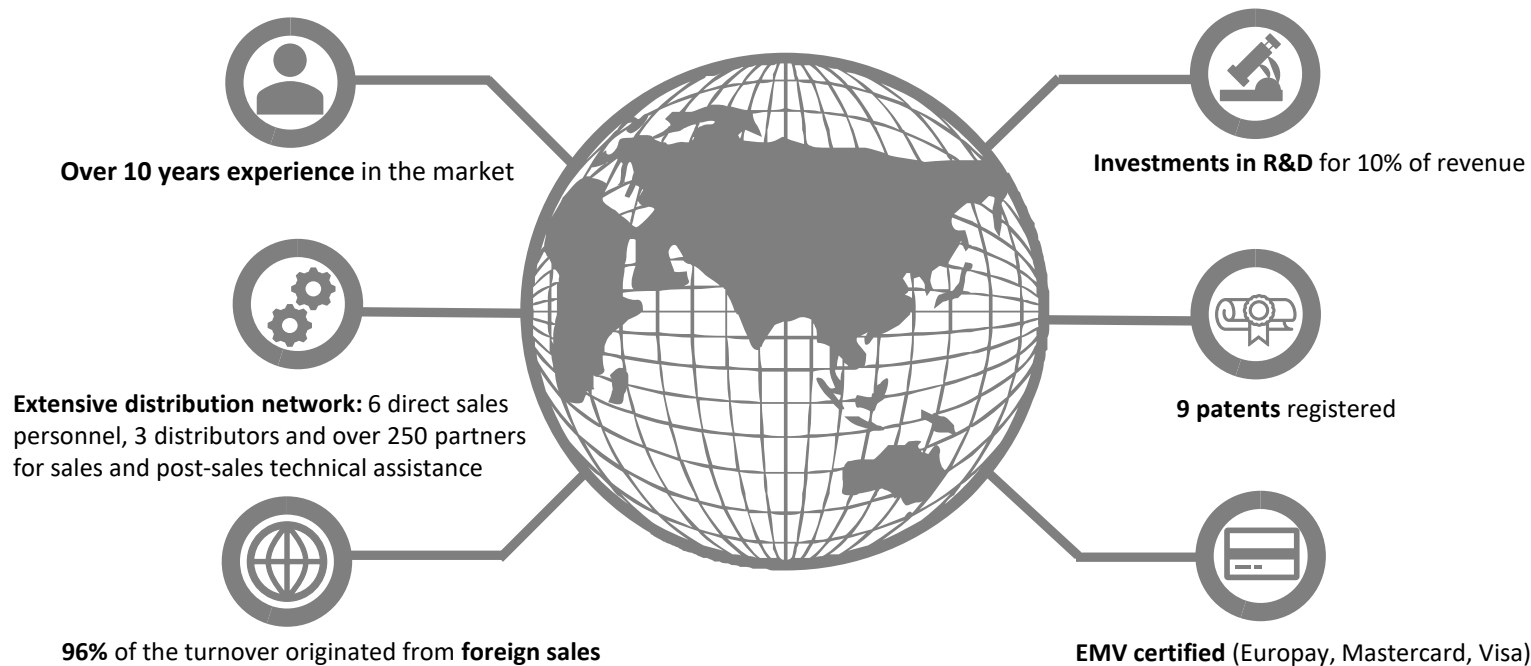
19 October 2022

Matica Fintec at a Glance






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 **Digital ID** and **Payments**.

The group offers a broad **portfolio of solutions** capable of satisfying customers' needs for both **Digital ID and Banking markets**.



Solutions for a changing world

3 Main Product Lines

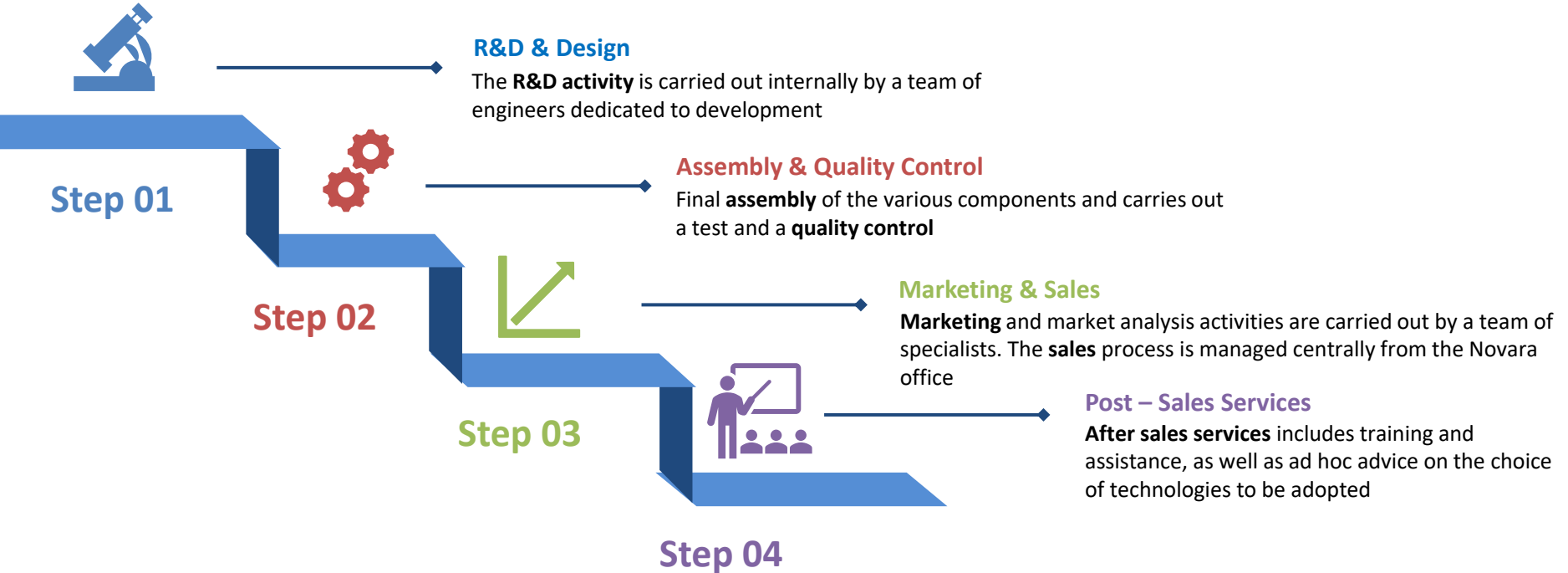
	APPLICATIONS	FUNCTIONS	PRODUCTS
BANKING	<ul style="list-style-type: none">➤ Credit Cards➤ Debit Cards➤ Prepaid Cards➤ Digital Payment Apps➤ Biometrics Cards	Issuance Systems with a rapid development times used for small volumes of “cards” issued locally (branch/point of sale) integrated into proprietary SW	 <i>S3000/S5000 Line</i>
DIGITAL ID	<ul style="list-style-type: none">➤ Credit Cards➤ Debit Cards➤ Prepaid Cards➤ ID Cards, passports/visas, driving license➤ Biometrics Cards	Sophisticated and customized issuance systems used for high volumes of “cards” issued at centralized level integrated into proprietary SW	 <i>S7000 Line</i>
RECURRING - CONSUMABLES & SPARE PARTS	<ul style="list-style-type: none">➤ Applications for ID and Banking systems	Consumables, the volumes of which rise as the systems installed increase	 <i>Consumables Recurring Revenues</i>



Business Model



Matica Fintec provides solutions for end users mainly represented by **Financial Institutions** and **Public Entities**.



Solutions for a changing world

Stock & Governance

BOARD OF DIRECTORS



Sandro Camilleri – Chairman



Gabriella Minerva – Director



Pietro Broggian – Director



Gigliola Falvo – Independent Director



Massimo Pegoraro – Director

BOARD OF STATUTORY AUDITORS



Roberto Santagostino – Chairman



Raffaele Fiorella – Auditor



Umberto Invidiata – Auditor



Alessandro Cella – Deputy Auditor



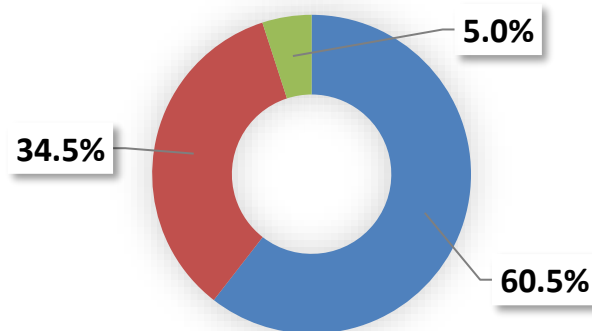
Filippo Spiaggia – Deputy Auditor

MATICA FINTEC SHARE PERFORMANCE



<i>IPO Date</i>	<i>Issue Price</i>	<i>Closing Pr. at 14 October 22</i>	<i>Mkt. Cap. at 14 October 22</i>	<i>% from IPO date</i>
11 Nov 19	1.71€	2.16€	≈23 € mln	≈+26

SHAREHOLDERS' STRUCTURE



■ Matica Technologies AG ■ Stock Market ■ AI Holdings Corporation

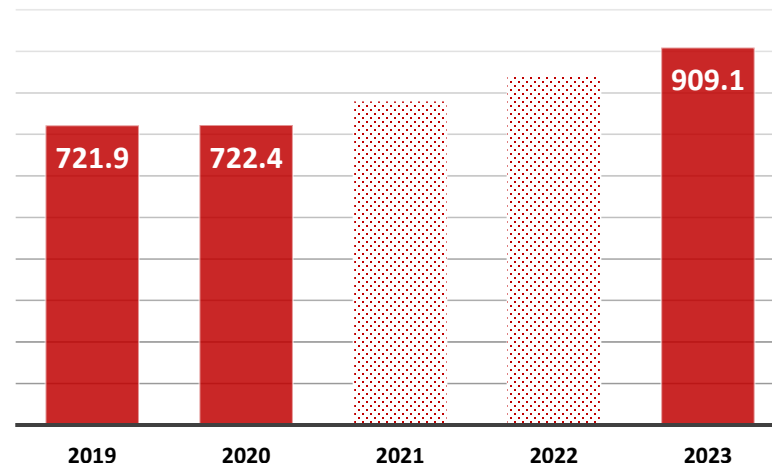




Reference Markets

- The **Payment market** includes the sales of smart cards and payment services and involves issuers and buyers, card processing and issuing companies, payment processing institutions and non-bank financial institutions.
- The **global Secure Payment market** is estimated to value 722.4 billion in 2020 and is projected to grow with a 2021-2023 **CAGR of 9%**, reaching **\$909.1 billion in 2023**.
- **Asia Pacific** represents the largest region in the global Payment market with 33% of the market share in 2019; **Western Europe** follows with 23%.

Payment Global Market (\$/bn)

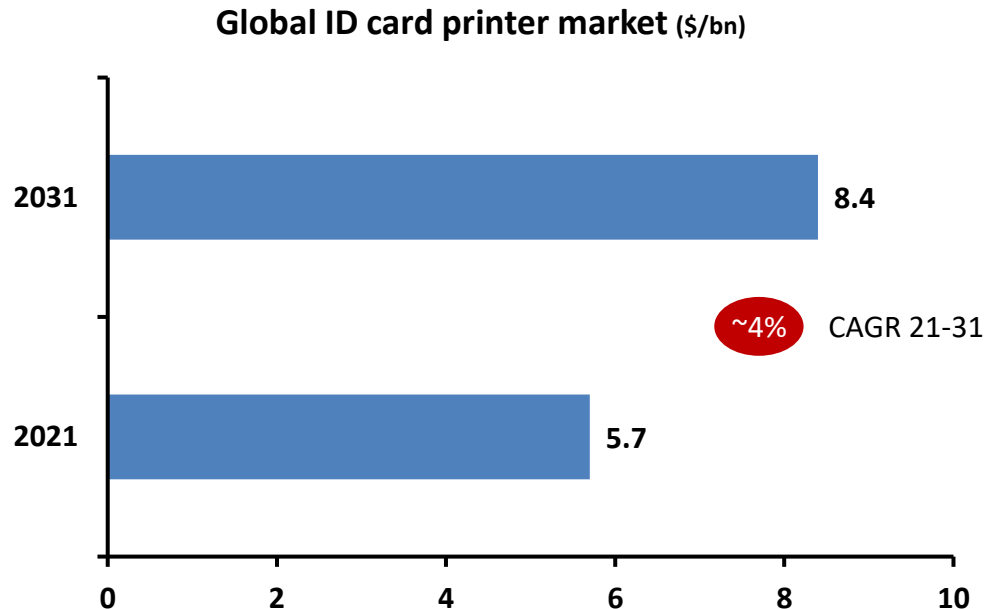


Resource: Cards And Payments Market – Global Forecast To 2023, The Business Research Company (apr 2020)

The Payment market had witnessed a rapid increase in the adoption of EMV technology (Europay, MasterCard and VISA) which ensures a higher level of data security.



- 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 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. \$3.7bn, while direct-to-card printers were up 2.8% to around \$2bn. The market is expected to grow by **4.1% on average** per year over the next ten years.



Resource: Persistence Market Research

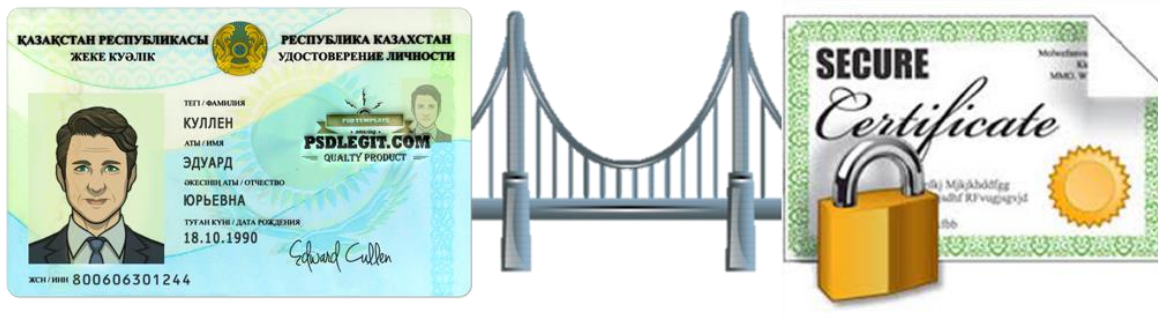


Digital ID market: HW, SW and PKI

- In the last decade, **the number of digital exchanges has increased exponentially**, consequently the idea of a digital identity card valid for physical and virtual domains has become a reality for millions of people and a prerogative for governments worldwide.
- **Confirming this trend, the EU regulation 2019/1157, approved on 20 June 2019, grants its member states two years to implement the security features of identity cards aligned with those of passports.**
- The **microprocessor-based smart card** that protects identity credentials is considered by government institutions to be the most secure means of authentication, allowing them to prevent identity fraud and effectively protect citizens' data. This prerogative is also often adopted for other identification documents such as passport, driving licenses, access control, health cards etc. Smart cards can also include sophisticated technologies such as **biometric** recognition methods, and **EMV** technology derived from the world of payments.
- In 2017, **82% of countries** issuing identity cards announced the launch of electronic identification programs. Many of these have already switched to chip-based E-ID or are planning to adopt it, others are already implementing a second-generation Digital ID.



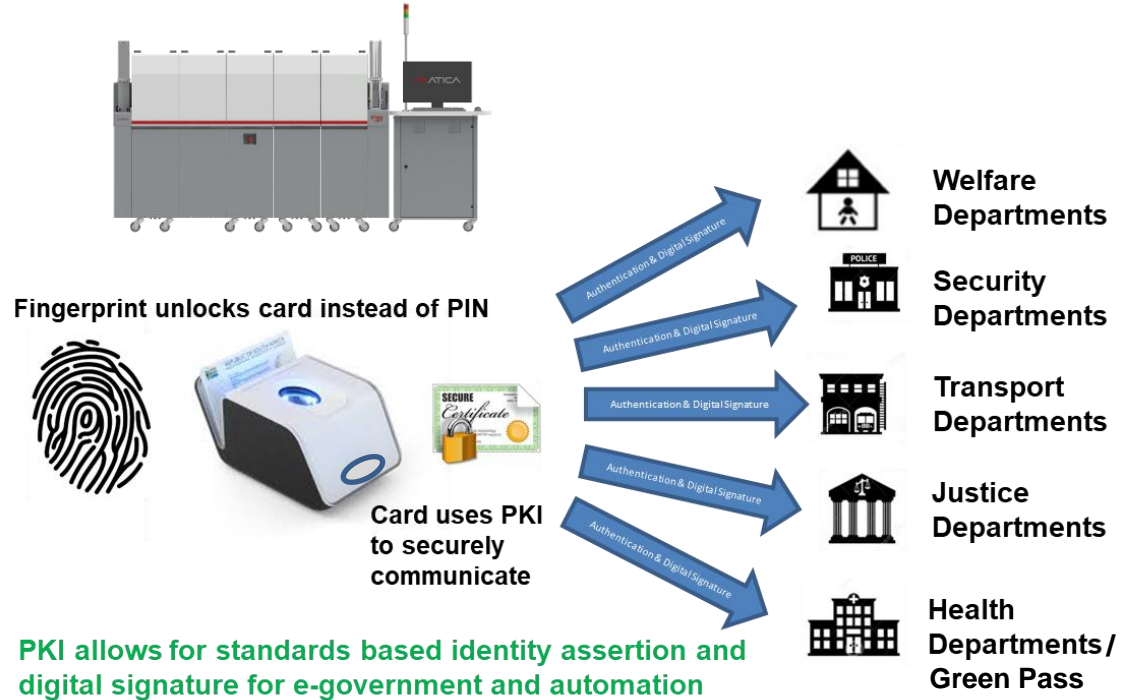
What is the role of PKI in ID Card?









The Digital Certificate PKI is the security bridge between the physical and the digital words. It is the Digital ID for the physical ID.

Example: Government E-ID

- PKI stands for Public Key Infrastructure
- It is a standards-based system to bind an identity to a cryptographic key
- Cryptography is a mathematical process of encryption and decryption which is the strongest security mechanism available to us today and into the future
- Criminals are becoming more sophisticated and the use of cryptography in government and e-gov creates an unbreakable system for authenticity validation



The competitive landscape in which **Matica Fintec** operates is relatively concentrated, with **few global players** and **some minor local competitors**

		<u>COMPETITORS</u>				
						
DESKTOP SOLUTIONS	ID (Identity Document)	✓	✓		✓	
	FINANCIAL CARDS	✓		✓	✓	✓
CENTRALIZED SOLUTIONS	ID (Identity Document)	✓	✓		✓	✓
	FINANCIAL CARDS	✓	✓			✓

Resource: Management Company



The background is a digital-themed collage. It features a large, semi-transparent fingerprint in the center. Surrounding the fingerprint are various elements: green and blue circles, lines of alphanumeric code (e.g., '1345 TFGHDFBBVSAT3145134513245135', 'VRFG23455ZHDFB 345', 'F0G0F0G0', 'NTHSFDG0F0G0NSADGAF0GAF0SG', 'VING...', '2345ERTERG00SFATTIGS0GLA', '32452345', '5466572345'), a percentage '57%', and plus signs. A red rounded rectangle is positioned over the lower part of the fingerprint, containing the text 'Results 1H 2022'.

Results 1H 2022

Matica Fintec Financial Highlights



**€8.3
mln**

REVENUES

**€2.3
mln**

EBITDA

28%

EBITDA MARGIN

**€1.9
mln**

EBIT

**€1.2
mln**

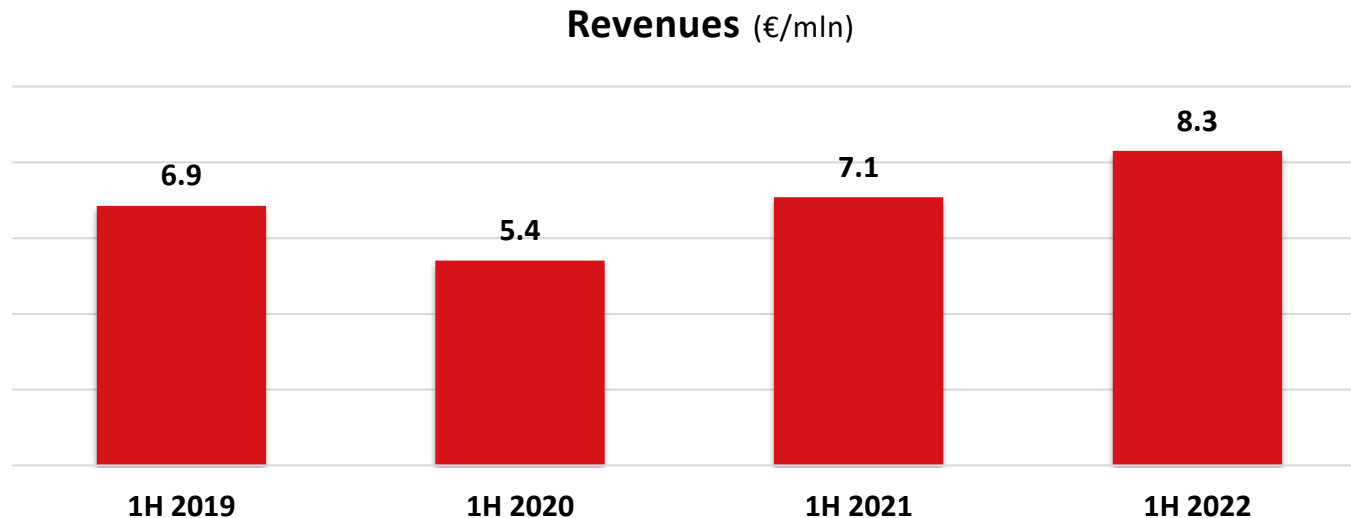
NET INCOME

**€0.7
mln**

NET FINANCIAL POSITION



Solutions for a changing world

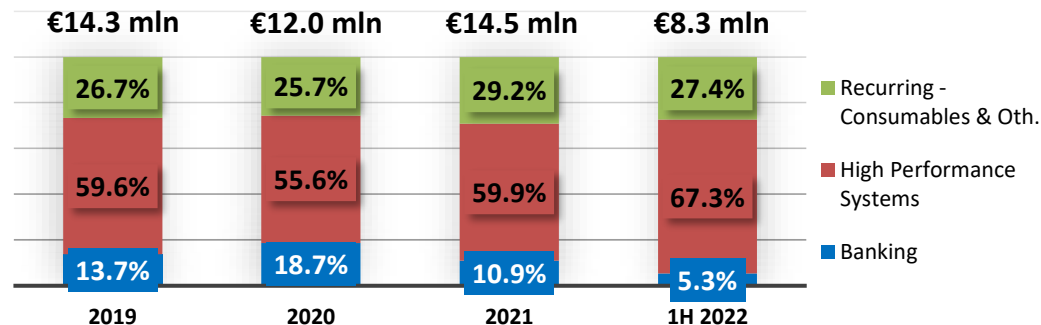


- In the first half of 2022, **Revenues** stands at **€ 8.3 million** compared to € 7.1 million in the same period of the same year (**+17% YoY**), in a still challenging environment. The **double-digit growth in turnover** confirms the positive trend after Covid 19 pandemic, despite geopolitical tensions and the increase in raw materials prices



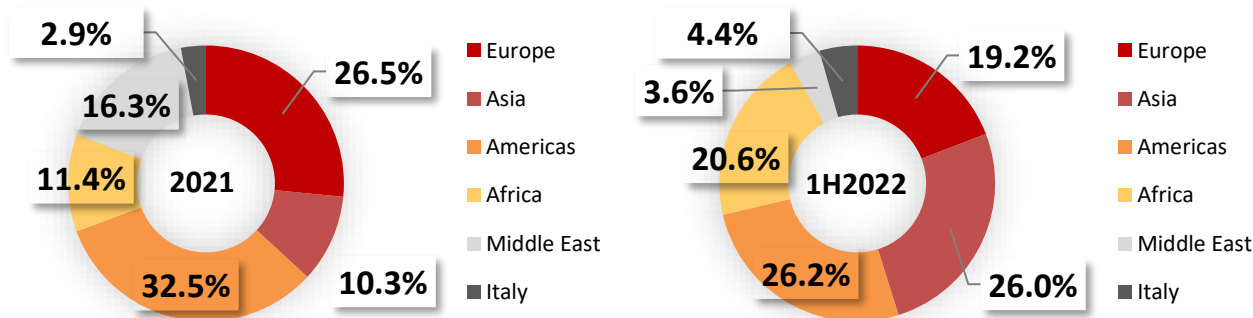
Revenues Breakdown

Breakdown by Product



Consumables and Spares, the most recurring revenues is almost in line with 2021. The share of **High Performance Systems** increased in 1H 2022 total revenues

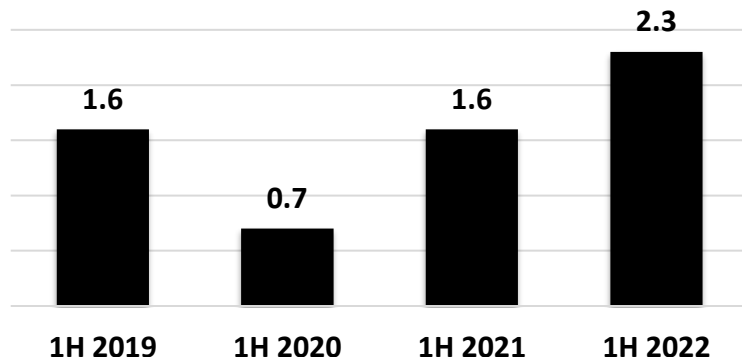
Breakdown by Geography



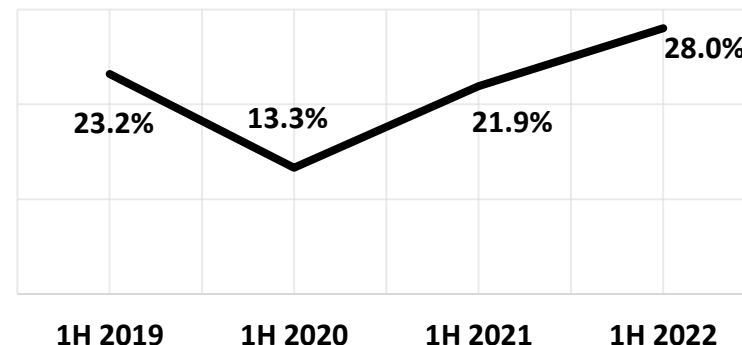
Focus on internationalisation continues: 96% of revenues realised abroad, mostly in Europe, Asia and Americas



EBITDA (€/mln)

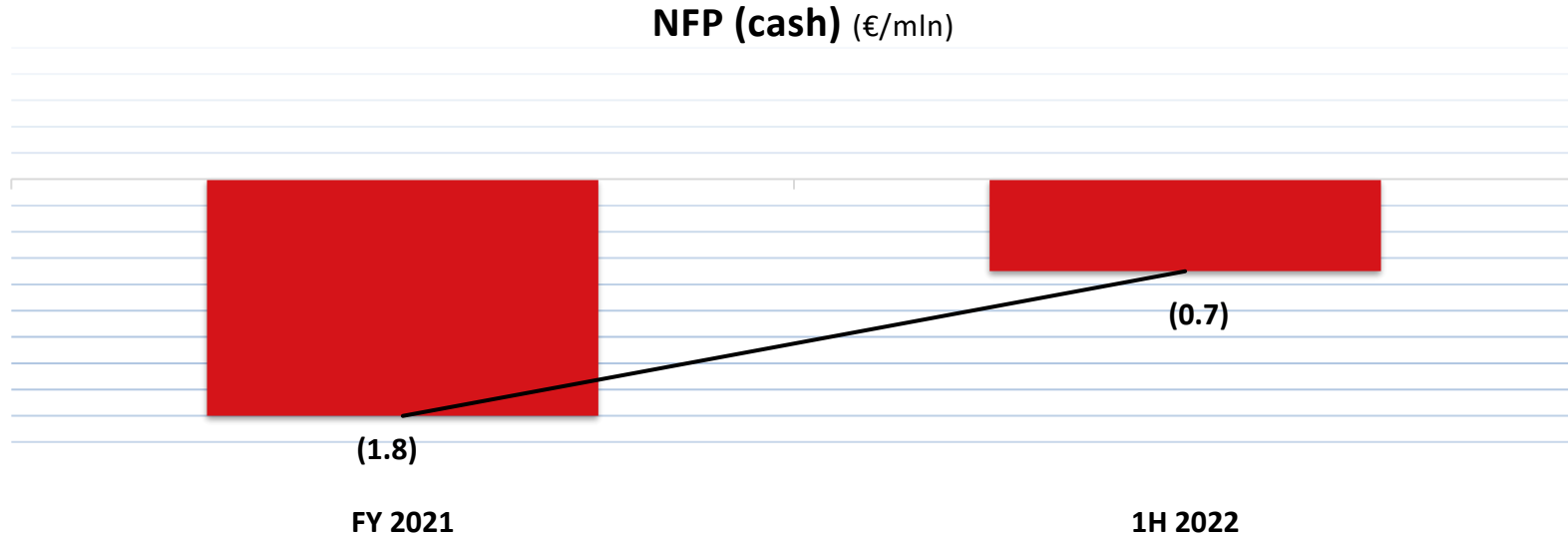


EBITDA margin



- In first half of 2022, **EBITDA** stands at **€ 2.3 million** compared to **€ 1.6 million** in the first half of 2021 (+51% YoY); the **best EBITDA margin (28.0%)**, higher than pre-pandemic level and full year 2021 profitability, testifies to the Company's high-tech positioning towards high value-added, software and SAS revenues. The upward trend in margins is attributable to the **improvement in the mix, with the revolutionary DoD (Drop-on-Demand) technology** reflected in Matica Fintec's new proprietary S7000Jet system. Margins were also positively affected by the **continuation of the large-scale internationalisation process**, which enabled widespread penetration of international markets





- In 2021, **Net Financial Position is positive (cash)** at **€0.7 million**, compared to a cash positive of €1.8 million at 31 December 2021. This is related to the cash investment in stock to manage potential "shortage" risks of critical components (e.g., electronic components), thus raising the safety stock level for some of them.



The background of the slide is a grayscale image. It shows a metallic padlock on the left, which is open. To the right of the padlock is a small, transparent globe with a grid of latitude and longitude lines. The globe is resting on a surface that appears to be a circuit board, with numerous small, circular components visible. The entire scene is set against a blurred background of light points, possibly representing a city skyline at night or a digital data field.

Strategy & Outlook

Matica Fintec pursues the objective of diversifying/completing its offer on the market and increasing its international presence in the Digital ID and Secure Payment markets, the following strategic lines:



**Strengthening of
Research &
Development activities
to anticipate the
technological evolution
of the sector**



**Growth for M&A by
horizontal and vertical
integration to complete
and enrich the value
chain**

As part of the growth strategy by external lines, the management of Matica Fintec is scouting potential target companies in order to identify the company(s) that can bring greater value and synergies.

The potential profiles concern the following specializations:

- Digital ID
- PKI
- EMV SW (Europay, Visa & Mastercard)
- Software for Secure transactions
- Biometrics

On July 14th 2022, Matica Fintec SpA closed the acquisition of 100% of the two companies of the Japanese AI Holdings Corporation Group



CTC & UBIQ Acquisition



Key Highlights

CTC and UBIQ operate under the brand name "NBS Technologies" and are part of **the AI Holdings Corporation Group**, a Japanese holding company listed on the Tokyo Stock Exchange, established in 2007, and active in systems design and software development for security, hospitals, the financial market, and offices.

NBS Technologies has developed and owns a panel of integrated Hardware & Software solutions in Banking and Digital ID.

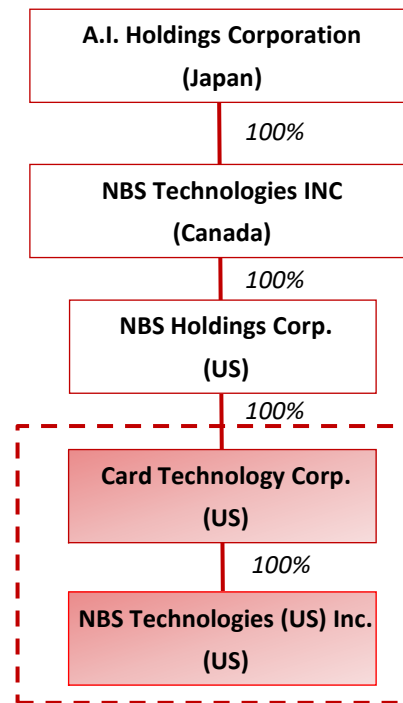
CTC and its subsidiary UBIQ, with offices in Minnesota (USA), is a structure of highly specialized people, formed by highly experienced Technicians, Engineers and SW Developers.

The Acquired Companies had aggregate revenues as at **30 April 2022** (last 9 months fiscal year) of **\$4.65 million** and a **positive net financial position (cash)** of **\$631 (000)**, already exceeded the previous year's result.

Acquisition of two companies, partly in **cash** and partly in **shares**: (i) **€ 1.5 million in cash** financed through own resources and (ii) **5% stake of Matica Fintec (€ 1.1 million)** partly in treasury shares and partly in newly issued shares.

AI Holdings Corporation becomes a shareholder of Matica Fintec (5%) with a Lock up period of twelfth month since the closing date.

Company Structure / deal perimeter



Solutions for a changing world

CTC

CTC is a leading provider of card personalization, secure identity and banking solutions. CTC designs, produce and distribute worldwide solutions for both instant and centralized issuance applications for smart cards.

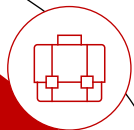
Based in Minneapolis (Minnesota) is one of the pioneer technology developer in the card personalization market with durable and reliable products ideal for mass production applications (National e-ID). It has an a important customer base well known in both Banking and Digital ID markets.

UBIQ (NBS Technologies (US) Inc.)

UBIQ is a software house specialising in Digital ID solutions, E-Wallet (NFC), EMV SW solutions (Europay, Mastercard & Visa) and SW for Data Secure ("Xpressi"). The product range also includes a number of systems for EMV and National ID card personalisation, as well as Mobile Payment (E-Wallet) solutions undergoing EMV certification that will complete the Matica Fintec product range.



Strong industrial rationales



1. Completion Matica Fintec's offering, allowing it to offer a Hardware & Software bundle solution for its target sectors: **Banking and Digital-ID**



2. Integration of a significant part of the **value chain** and creation of a turnkey offer capable of **building customer loyalty** with the world of Matica Fintec technologies & SaS Revenues



3. Expand Matica Fintec's banking portfolio thanks to the availability of a Mobile Payment solution, currently undergoing EMV (Europay Mastercard Visa) certification and **expand its activities** with **a US base of operations**



Key Investment Highlights



Company with a **complete proprietary range** of centralized and decentralized issuing systems

Exposure to **growing markets** for digital identity and payments

International footprint with a widespread presence in the major foreign markets, thanks to an extensive distribution network

Financial Flexibility to accelerate growth through M&A

Highly experienced management team, excellent operations management and continuous investments in R&D



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Solutions for a changing world

Thank You!

Grazie!

Vielen Dank!

Merci!

¡Muchas gracias!

Muito Obrigado

Спасибо!

شكرا !

ありがとう!

谢谢!

謝謝!

Terima kasih!