

CONFINVEST FL

1H21 Results approved, starts of shares buyback plan

The first half of 2021 reflects changed circumstances in the market compared to 2020. In 2021 greater confidence related to macroeconomic supports led to a review of the logic of investing in "safe haven assets", generating an inevitable reduction in gold prices and the reaction was more and violent than the excess that caused it. The first half of 2021 reflects changed market circumstances compared to 2020, two periods made exceptional, although in opposite directions, by the COVID pandemic and the ensuing reaction in both the gold market and the healthcare protocols. Revenues came in at Euro 14.3 m, compared to Euro 19.9 m in 1H20, but our projections for FY21 were based on Euro 65.8 m (see tables in page 2): the reduction in turnover is therefore mainly due to both the reduction in the value of goods and the lack of trade, without however compromising the very loyal customer base. The first margin stands at Euro 0.87 m, compared to Euro 1.89 m in the same period of 2020: this measure is the true proxy for the turnover of a gold market dealer and represents the net balance of transactions, including the effect of the change in inventory. EBITDA stood at Euro 0.037 m, in comparison with Euro 1.02 m in 1H20.

Solid balance sheet. The Net Financial Position amounted to Euro 0.12 m (cash positive), the change with respect to December 2020 (Euro 2.72 m positive) is essentially due to a reduction in the bank balance sheet of Euro 2.7 m caused by the combined effect of an increase in inventories of Euro 1.4 m and a transaction with an historical counterparty of the Company that led to a temporary credit of Euro 1.2 m, which was fully paid at the end of July 2021. Shareholders' Equity amounts to Euro 6.12 m and the change compared to FY20 (Euro 6.9 m) is mainly attributable to the distribution of a dividend of Euro 0.7 m (March 27th).

Launch of the plan for the purchase and disposal of own shares.

The purchase may be carried out, in one or more tranches, within 18 months from the date of the resolution, up to a maximum amount of treasury shares such as not to exceed the maximum amount allowed by law, equal to 20% of the share capital, in any case for a maximum amount of Euro 2 m, for a maximum of 1.0 m of shares.

Expansion of the board of directors and appointment of new members.

Following the resignations of the board members Giacomo Andreoli, Luciano Avanzini and the independent director Fabrizio Redaelli, the shareholder Bolaffi (17.53% of the share capital) asked for an extraordinary meeting to be called by 5 November, in order to increase the number of directors from six to seven and to integrate the board with the appointment of four directors and a chairman. In particular, in accordance with the current management, the request was formulated with the intention and the hope of bringing additional professionalism and skills to the Company's Board of Directors, functional to maximising its value. As for the powers of administration, finance, control and compliance, in the opinion of the shareholder Bolaffi, these should be conferred on a newly appointed director included in a list that the shareholder will submit to the Company as soon as possible. In this way, a suitable structure of the Board of Directors will be guaranteed for the pursuit of sustainable medium to long-term success of the business initiative.

Estimate revisions. The 1H21 results are below our estimates, with the difference mainly relating to the "Conto Lingotto", which did not provide the expected boost to sales. Based on that, we put our estimates and target price Under Review, while waiting to understand from the new management the main driving forces for the coming years.

Sector: Fintech

Target Price (Euro)	Under Review
Market Price (Euro)	2.79
Market Cap (Euro m)	19
EV (Euro m)	16

As of November 02nd, 2021

Share Data

Market	Euronext Growth Milan
Bloomberg	CFV:IM
ISIN	IT0005379604
N. of Shares	7,018,050
Free Float	53.62%
Chairman	Roberto Binetti

Financials

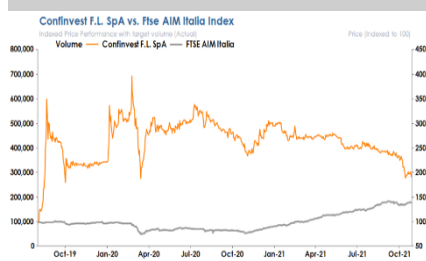
	2018A	2019A	2020A
Revenues	14.7	27.3	41.1
YoY %	34%	85%	51%
EBITDA	0.32	0.82	1.42
EBITDA %	-35%	156%	25%
EBIT	0.24	0.76	1.22
EBIT %	-10%	216%	62%
Net Income	0.065	0.61	0.82
Net Debt	2.5	2.5	2.5

Performance

	1M	3M	6M
Absolute %	-15.7	-23.7	-27.5
Relative (FTSE Italia Growth)	-16.4	-31.7	-41.4
52-week High/Low (Eu)	4.63	2.70	

IR TOP RESEARCH

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Key Financials – Euro

	1H21	1H20	1H19	20A	19A
Revenues	14.28	19.89	9.3	41.13	27.28
First Margin	0.87	1.89	0.65	3.08	1.76
Contribution Margin	0.86	1.82	0.61	3.08	1.70
On First Margin	98.9%	96.3%	85.7%	96.5%	97%
EBITDA	0.037	1.02	0.20	1.4	0.82
margin	4.27%	54.1%	30.8%	46%	46.5%
EBIT	(0.058)	0.99	0.062	1.22	0.76
margin	-6.67%	97%	9.54%	39.6%	42.8%
Net Profit	(0.065)	0.67	(0.040)	0.82	0.61

	1H21	1H20	1H19	20A	19A
Net Working Capital (NWC)	3.692	3.257	3.103	1.76	3.12
Fixed net assets	2.327	2.441	1.701	2.40	2.32
Funds	(0.019)	(9)	(6)	(0.014)	(6)
Net Capital Employed	6.0	5.689	4.798	4.15	5.43
Net Debt (Cash)	(0.12)	(1.208)	1.819	(2.72)	(0.92)
Equity	6.12	6.717	2.979	6.87	6.35
Sources	6.0	5.689	4.798	4.15	5.43

Source: Company Data

Estimates - Consolidated Income Statement – Euro m

	2020A	2021 Old	2021 New	2022 Old	2022 New
Sales	41.1	65.8	U.R.	85.6	U.R.
yoy	51%	60%		30%	
First Margin	3.1	5.3	U.R.	6.8	U.R.
yoy	75%	71%		30%	
Contribution Margin	3.1	5.1	U.R.	6.7	U.R.
On First Margin	99%	98%		98%	
EBITDA	1.4	3.2	U.R.	4.7	U.R.
margin	46%	60%		68%	
EBIT	1.2	3.0	U.R.	4.4	U.R.
margin	40%	57%		66%	
Net Profit	0.8	2.1	U.R.	3.1	U.R.

Source: Company Data & IR Top

Estimates - Consolidated Balance Sheet – Euro m

	2020A	2021 Old	2021 New	2022 Old	2022 New
Net Working Capital (NWC)	1.8	2.1	U.R.	3.0	U.R.
Fixed net assets	2.4	2.7	U.R.	2.8	U.R.
Funds	(0.014)	(0.037)	U.R.	(0.1)	U.R.
Net Capital Employed	4.1	4.8	U.R.	5.8	U.R.
Net Debt (Cash)	(2.7)	(3.5)	U.R.	(4.1)	U.R.
Equity	6.9	8.2	U.R.	9.9	U.R.
Sources	5.4	4.8	U.R.	5.8	U.R.

Source: Company Data

INDUSTRY COMPARISON

Confinvest F.L. Spa (CFV-IT): IR Top estimates and Factset Data

AIM Sector: average data for listed on AIM Italia included in the Financial sub sector: 4AIM SICAF (4AIM-IT), Ambromobiliare (AMB-IT), Assiteca (ASSI-IT), CDR Advance Capital (CDR-IT), Copernico SIM (COP-IT), CrowdFundMe (CFM-IT), Digital Magics (DM-IT), First Capital (FIC-IT), H-Farm (FARM-IT), Imvest (YIV-IT), MIT SIM (MTS-IT), Net Insurance (NET-IT), Premia Finance (PFI-IT), Revo (REVO-IT), SCM SIM (SCM-IT), UCapital24 (U24-IT).

Industry Peers: average data for a selected group of listed peers: Equita Group (EQUI-IT), Tradegate AG (T2G-DE), MWB Fairtrade (MWB-DE), Viel & Cie (VIL-FR), Euwax (EUX-DE), Renta 4 Banco (R4-ES), Lang & Schwarz (LUS-DE), Bourse Direct (BSD-FR), Sino AG (XTP-DE), Baader Bank (BWB-DE), Sprott Inc. (SII-CA).

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

	CFV-IT CONFINVEST	Financial Euronext Growth Sector	Industry Peers	XS0072 FTSE Italia Growth
Key Financials FY20				
Revenues	41.1	26.0	270.1	39.2
EBITDA	1.4	2.1	49.9	5.4
EBITDA %	3.5%	8.1%	18.5%	13.7%
EBIT	1.2	0.0	36.1	1.9
EBIT %	3.0%	0.1%	13.4%	4.9%
Earnings	0.82	0.3	21.2	1.0
Earnings %	2.0%	1.1%	7.8%	2.5%
NFP/EBITDA	1.9	0.0	-0.8	0.5
FY18-20 Revenues CAGR	67%	26%	34%	9%
FY20-22 Revenues CAGR	44%	48%	-8%	22%
Market Data				
Market Cap	19.1	40.7	559.9	65.8
EV	28.1	41.7	245.1	66.4
Free Float	28.60%	36%	41.30%	33%
ADTT YTD (Eu k)	206.37	20594.2	228.2	123740.97
Market Multiples				
EV/Sales 2021	0.4	1.4	3.0	2.1
EV/Sales 2022	0.3	1.0	4.5	1.7
EV/EBITDA 2021	8.9	13.2	9.8	23.6
EV/EBITDA 2022	6.0	6.6	17.0	16.6
EV/EBIT 2021	9.4	8.7	11.2	12.4
EV/EBIT 2022	6.4	10.2	20.6	9.8
P/E 2021	9.1	40.5	14.4	34.9
P/E 2022	6.2	12.2	47.2	30.7
Earnings Yield	11.0%	2.5%	7.0%	2.9%
Stock Performance				
1D	-2.5%	0.1%	1%	1.2%
1W	-8.1%	-0.5%	2%	0.2%
1M	-18.8%	-2.0%	4%	3.6%
3M	-26.5%	-0.2%	1%	9.7%
6M	-34.5%	-4.5%	0%	23.1%
YTD	-17.6%	-2.5%	369%	43.6%
1Y	-24.4%	4.5%	113%	80.0%

Source: Factset data as of 02nd November 2021 and IR Top Research

CONFINVEST IN BRIEF - DRIVING THE DIGITAL GOLD EVOLUTION

Company profile

Confinvest F.L., founded in 1983, is an innovative SME and leader in the **trading of physical investment gold** (coins and bullion). The Company operates as a **gold dealer** in the retail market, where counterparties of the transactions are banks, privates (HNWI), corporates and other gold dealers. In Italy, Confinvest act as market maker with gold price quotations issued by the Company representing the official source. The current development strategy includes a **new digital solution (Conto Lingotto)**: a proprietary platform to offer the mass market the opportunity to invest liquidity in gold smartly and innovatively. Physical gold is an alternative Asset Class for a growing market that is estimated to amount to 1,000 Eu b. With its new value proposition Confinvest intends to play the role of **market innovator** and **first mover**. The Conto Lingotto was released in August 2020.

In 2020 Confinvest recorded revenues of Euro 41.1 million, +50% vs. FY19 and an EBITDA of 1.4 m, 46% of First Margin. 94% of FY20 revenues were realized in Italy.

Innovation

The opportunity offered by the PSD2 and OPEN BANKING with API Economy has spurred Confinvest to develop CONTO LINGOTTO, an innovative platform for digital gold, that will allow clients to make investments in gold directly online through a proprietary APP, or through digital services offered in partnership with traditional financial system and Fintech operators. The Conto Lingotto concept has been designed to offer, to a large target group of customers, the opportunity to invest easily and quickly in physical gold, thanks to a digital and innovative user experience. Clients can make gold investments directly online as the platform is developed to provide all users with an innovative and smart solution to diversify their liquidity. The customer can access a Conto Lingotto account via an application for mobile devices or via a PC web interface. The Conto Lingotto solution can be customized and integrated (white label) for all the distribution network partners, and in particular Banks and Fintechs which will be able to offer clients to.

Strategic guidelines

(i) R&D investments in the technology on which the new business model is based; (ii) development and launch of "Conto Lingotto", (iii) New partnerships with banks and Fintech companies to boost revenues by targeting a large potential pool of retail clients, (iv) Regional development through the opening of new direct points of sales or through the partnerships/franchises in selected strategic areas, and (v) internationalization.

Key Managers

Roberto Binetti – Chairman
Franco Bagané – Board member
Gabriella Villa – Board member
Giulio Filippo Bolaffi – Board member
Cesare Luigi Spezia – Board member

Ownership

Shareholder	n. of shares	%
Bolaffi S.p.A.	1,230,000	17.53%
Franco Bagané	866,300	12.34%
Roberto Binetti	447,893	6.38%
Gabriele Villa	447,857	6.38%
Luciano Renato Avanzini	151,300	2.16%
Sovereign S.r.l. (Giacomo Andreoli)	105,850	1.51%
Own Shares	6,000	0.09%
Market	3,762,850	53.62%
Total	7,018,050	100.00%

CONFINVEST ON Euronext Growth Milan

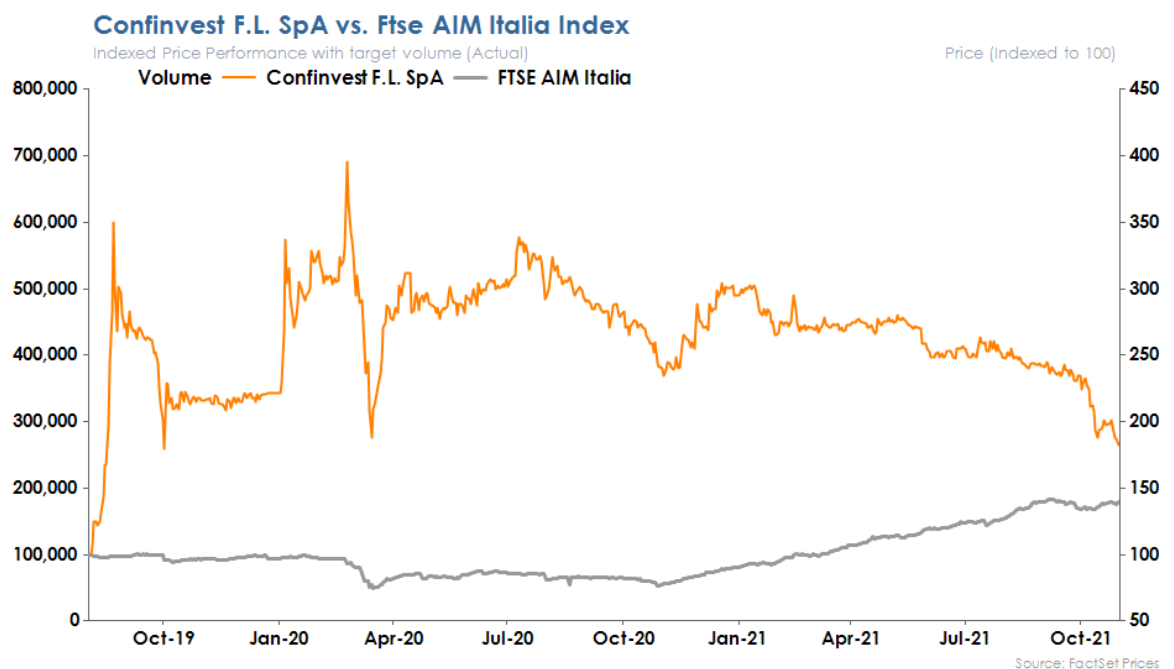
IPO

Date: August 1st, 2019
 Capital raised: Euro 3.0 m
 Price: Euro 1.50
 Capitalisation: Euro 10.5 m

SHARES (as of November 02nd, 2021)

Code: CFV
 Bloomberg: CFV:IM
 ISIN: IT0005379604
 Shares: 7,018,050
 Price: Euro 2.79
 Performance from IPO: +86%
 Capitalisation: Euro 20.1 m
 Free Float: 53.62%
 Euronext Growth Advisor: Integrae SIM
 Global Coordinator: Integrae SIM

STOCK PERFORMANCE



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Date	Target Price	Market Price	Validity Time
03 November 2021	U.R.	2.79	12 months
18 February 2021	6.22	4.08	12 months
30 September 2020	6.12	4.16	12 months
7 April 2020	6.07	4.51	12 months
16 October 2019	3.53	3.21	12 months

VALUATION METHODOLOGY (HORIZON: 12M): IR Top obtained a fair value using different valuation methodologies including Discounted Cash Flow method and Multiple-based models. Moreover, IR Top used a proprietary model, "AIM Positioning rating", which incorporates a number of variables selected by IR Top based on research of "Osservatorio AIM Italia", managed by IR Top and focused on research about performance of Companies listed on AIM Italia.

Detailed information about the valuation or methodology and the underlying assumptions and information about the proprietary model used is accessible at IR Top premises.

RESEARCH TEAM:

Edoardo Fumagalli (Analyst)

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